

Exhibit E



Cowen & Co.

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Semiconductors

Power Integrations

Solid Q4 Results With Outlook Upside; Irresolute CEC Muddies Waters Near-term

Conclusion: Yesterday Power Integrations reported in-line CQ4 sales and earnings. The March quarter mid-range sales outlook was above SG Cowen/Street expectations, and earnings guidance exceeded our forecast by a penny. We reiterate our bullish thesis on POWI shares, based on forthcoming worldwide energy efficiency initiatives that spur adoption of POWI's chips, together with an anticipated favorable outcome in the Fairchild lawsuit, where FCS may be forced to exit a large segment of the power supply converter IC market. Owing to steady profit growth, accelerating ROIC, and an attractive analog IC business model, we see 15-20% upside to POWI shares relative to the broader market over the next 12 months.

■ **Positives.** 1) Record company revenue in Q4 up 13% y/y 2) Unit shipment growth of 20% y/y implying market share gains 3) Ongoing GM expansion (up 160 bps q/q) owing to improved operating efficiencies; GM now expected to be ~50% throughout 2006 4) Anticipated share gains in mobile phone and cordless phone applications 5) Ongoing sales momentum derived from Linkswitch, TinySwitch and DPASwitch new product introductions

■ **As disruptive as it might be, the California Energy Commission (CEC) is still accepting commentary to amend new energy efficiency requirements.** On Monday, Jan 30th, the CEC held a "workshop" to receive comments on industry concerns regarding recently amended Appliance Efficiency Regulations (AER) for external power supplies and other electronics products. This is extremely perplexing to us, because the 2006 AER are now "on-the-books" law in California (ie-the law of the land). We are unsure if the CEC will cave-in to an 11th-hour plea from certain electronics manufacturers to push-out or amend the new energy efficiency laws.

POWI (02/02)	\$26.16	Revenue \$MM					
Mkt cap	\$803.1MM	FY	2005	2006E		2007E	
Dil shares out	30.7MM	Dec	Actual	Prior	Current	Prior	Current
Avg daily vol	349.1K	Q1	34.4	36.5	38.0	—	44.0
52-wk range	\$18.2-28.3	Q2	35.3	38.5	39.0	—	46.2
Dividend	Nil	Q3	36.5	—	45.0	—	47.5
Dividend yield	Nil	Q4	37.9	—	45.0	—	50.2
BV/sh	\$6.81	Year	144.1	165.0	167.0	—	187.9
Net cash/sh	\$4.26	CY	—	—	—	—	—
Debt/cap	NA	EV/S	—	—	—	—	—
ROIC (LTM)	20.3%	EPS \$					
5-yr fwd EPS growth (Norm)	20.0%	FY	2005	2006E		2007E	
		Dec	Actual	Prior	Current	Prior	Current
		Q1	0.15	0.15	0.16	—	0.25
		Q2	0.16	0.16	0.18	—	0.27
		Q3	0.18	0.27	0.26	—	0.28
		Q4	0.18	0.27	0.26	—	0.32
		Year	0.68	0.85	0.86	—	1.12
		CY	—	—	—	—	—
		P/E	—	—	30.4x	—	23.4x
S&P 500	1270.8	Adjusted EPS excludes amortization of deferred stock comp and intangibles, and other non-recurring gains and losses					

Please see addendum of this report for important disclosures.

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Power Integrations Prior forecast as compared to updated forecast

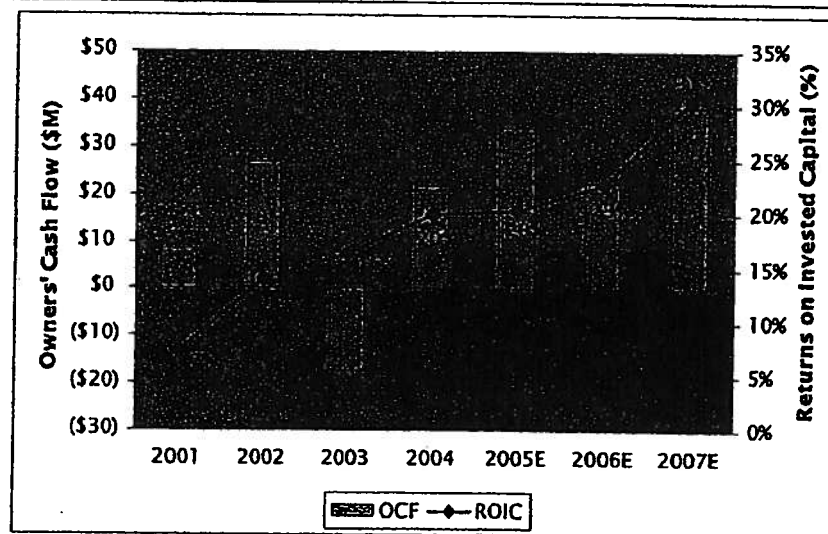
PQWI 02-Feb-06
December Year-End
(\$000s)

	Prior Forecast			Current Forecast		
	Q4-E	Q1-E	2006E	Q4-A	Q1-E	2006
REVENUE	\$38,000	\$36,500	\$165,000	\$37,876	\$38,000	\$167,000
% Change Y/Y	13.2%	6.1%	14.4%	12.8%	10.4%	15.9%
% Change Q/Q	4.0%	-3.9%	NM	3.6%	0.3%	
TOTAL COGS	\$19,000	\$18,615	84150	\$18,526	\$18,810	\$83,310
GROSS PROFIT	\$19,000	\$17,885	80850.0	\$19,350	\$19,190	\$83,690
Gross Margin	50.0%	49.0%	49%	51.1%	50.5%	50%
R&D	\$4,200	\$4,200	\$17,400	\$4,048	\$4,200	\$17,400
% Sales	11.1%	11.5%	10.5%	10.7%	11.1%	10.4%
Sales & marketing	\$4,300	\$4,300	\$17,800	\$4,990	\$4,900	\$18,400
% Sales	11.3%	11.8%	10.8%	13.2%	12.9%	11.0%
G&A	\$4,400	\$4,400	\$15,400	\$4,801	\$4,900	\$17,300
% Sales	11.6%	12.1%	9.3%	12.7%	12.9%	10.4%
TOTAL OPEX	\$12,900	\$12,900	\$50,600	\$13,839	\$14,000	\$53,100
OPERATING PROFIT	\$6,100	\$4,985	\$30,250	\$5,511	\$5,190	\$30,590
Operating Margin	16.1%	13.7%	18.3%	14.6%	13.7%	18.3%
NET INTEREST	\$900	\$1,000	\$4,000	\$1,049	\$1,000	\$4,000
PRETAX PROFIT	\$7,000	\$5,985	\$34,250	\$6,560	\$6,190	\$34,590
% Sales	18.4%	16.4%	20.8%	17.3%	16.3%	20.7%
TAX PROVISION	\$1,470	\$1,257	\$7,193	\$1,107	\$1,300	\$7,264
Tax rate	21.0%	21.0%	21.0%	16.9%	21.0%	21.0%
ADJUSTED NET INCOME	\$5,530	\$4,728	\$27,058	\$5,453	\$4,890	\$27,326
Net Margin	14.6%	13.0%	16.4%	14.4%	12.9%	16.4%
DILUTED SHARES	31,000	31,400	31,750	30,654	31,000	31,625
EPS, ADJUSTED ⁽¹⁾	\$0.18	\$0.15	\$0.85	\$0.18	\$0.16	\$0.86
EPS, GAAP	\$0.18	\$0.15	\$0.85	\$0.18	\$0.16	\$0.86

Source: SG Cowen & Co.

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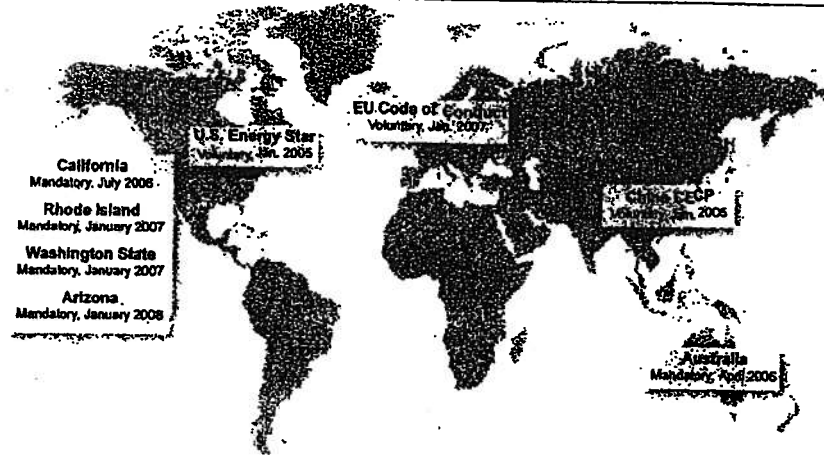
Power Integrations.**Power Integrations Owners' Cash Flow and ROIC Profile**

Note: POWI's owner's cash flow in 2003 includes an approximately \$30M CAPEX expenditure related to the purchase of the Company's San Jose facility. Absent this expenditure, owner's cash flow in 2003 would have been approximately \$13M.

Source: Company Filings, SG Cowen & Co.

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Power Integrations**Adoption of Standards for External Power Supplies is Mounting**

Source: Company

PI-1124-091805

In the U.S. there's an approximate annual market for internal and external power supplies of about 800 million. Of that number we estimate that approximately half of these devices are external linear power supplies. In California, with a 110 million annual power supply market, most new linear power supplies will be outlawed beginning in mid-2006, with tightening specifications beginning in 2008. Although POWI's ICs must always compete with discrete semiconductor power supply solutions, the California lawmaking alone drives an incremental \$25 million to POWI's revenue opportunity. Also, as other states follow California's lead (legislative activity is ongoing in Washington State, Rhode Island and Arizona) amid extremely high oil prices, this could add another \$180 million in total market opportunity in the U.S. alone. As other countries adopt similar measures (initiatives are gaining traction in Australia, Europe and China, as well as many other nations), the worldwide, incremental, energy efficient chip opportunity exceeds \$800 million.



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We Expect Power Integrations To Grow Market Share Through 2010

From 2005 to 2010, considering worldwide energy efficiency mandates driven by rising energy prices, we believe Power Integrations can grow its overall market penetration from 9.7% to 14.6% on a unit basis. With conservative end-market growth assumptions, we believe this secular market penetration—where Power Integrations' integrated switchers take share away from linear power supplies and discrete solutions—can drive low double digit revenue growth through 2010.

In 2010 we forecast \$254 million in company sales—a 12% 5-year revenue CAGR. To achieve this business growth, the company must increase its market penetration in some of the larger end markets by the amounts described below. We think these share gain assumptions are reasonable, especially considering the secular global trend away from linear power supplies. Also owing to die shrinks and packaging cost reductions, we believe Power Integrations' parts are becoming increasingly cost-competitive as compared to discrete switcher solutions, which should further stimulate product uptake.

2005E-2010E Power Integrations Market Penetration Estimates

Market	2005E Market Penetration (%)	2010E Market Penetration (%)
Desktop Computers	35	40
LCD monitors/TVs	16	20
Mobile Phones	13	20
DVD players	9	10
White Goods	6	9
Cordless Phones	0	15

Source: SG Cowen & Co.

Power Integrations' overall growth and share gains by end-market will be driven by:

- **Desktop Computers:** Owing to existing 1 watt standby power initiatives for PCs, Power Integrations already occupies meaningful share of the worldwide PC market. Because of the mature nature of the market, we expect POWI to grow its share only modestly over the next 5 years.
- **LCD Monitors:** LCD monitors/TVs are taking share from CRTs (where POWI does not play owing to the high switching frequency of the POWI chip), and as LCDs proliferate, POWI's business should benefit. Owing to the requirement for smaller form-factors (think 20-inch and below LCDs), we believe integrated solutions will be preferred over discrete component switching solutions.
- **DVD Players:** Because of the mature market nature of the DVD player market, we don't anticipate much secular growth, and we forecast modest unit growth for the market as a whole. However, as portable players proliferate, this may drive a migration toward switching battery chargers.
- **Mobile Phones:** Because of poor energy-efficiency, coupled with higher weight and larger size, legacy, linear mobile phone chargers are being replaced by electronic switchers. Linear mobile phone chargers will be illegal in California in the months following July (so a migration to switchers is mandatory), and we

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also expect Power Integrations to regain share at Samsung (100 million units where most already use switchers), when/if the company prevails in the Fairchild lawsuit.

- **White Goods:** Traditional white goods, such as washers/dryers, dishwashers, and refrigerators are migrating from analog control (remember the clicking timers) to digital interfaces, and this is driving adoption of POWI's ICs.
- **Cordless Phones:** At present most all cordless phones worldwide are accompanied by large, linear power supplies. However, we believe cordless phone chargers are in the cross hairs of government mandates in the U.S. and E.U., particularly because of the large unit volumes. Similar to mobile phones, linear chargers for cordless phones will be illegal in California in 2H06.

Power Integrations - Bottom-Up Model by End-Market

	2003	2004	2005	2006	2007	2008	2009	2010
Communications End-Market								
Units sold (in millions)	111.5	112.1	136.3	177.4	209.2	240.7	301.1	21.8%
ASP	\$0.38	\$0.36	\$0.34	\$0.33	\$0.32	\$0.30	\$0.28	
Total Revenue (in millions)	\$42.36	\$40.36	\$46.33	\$58.55	\$66.96	\$72.21	\$84.31	15.8%
Yr./Yr. Growth	NA	-5%	15%	26%	14%	8%	17%	
% of Total Revenue	31%	28%	28%	31%	32%	31%	33%	
Computer End-Market								
Units sold (in millions)	69.9	82.9	92.3	99.4	108.7	124.2	135.9	10.4%
ASP	\$0.43	\$0.40	\$0.38	\$0.36	\$0.34	\$0.32	\$0.30	
Total Revenue (in millions)	\$30.06	\$33.15	\$35.07	\$35.80	\$36.94	\$39.76	\$40.77	4.0%
Yr./Yr. Growth	NA	10%	6%	2%	3%	8%	3%	
% of Total Revenue	22%	23%	21%	19%	18%	17%	16%	
Consumer End-Market								
Units sold (in millions)	83.5	83.2	103.4	120.3	137.3	162.1	185.9	17.4%
ASP	\$0.54	\$0.52	\$0.49	\$0.48	\$0.47	\$0.46	\$0.45	
Total Revenue (in millions)	\$45.09	\$43.24	\$50.68	\$57.75	\$64.52	\$74.58	\$83.66	14.1%
Yr./Yr. Growth	NA	-4%	17%	14%	12%	16%	12%	
% of Total Revenue	33%	30%	30%	31%	31%	32%	33%	
Industrial End-Market								
Units sold (in millions)	19.2	26.2	31.4	35.3	41.0	45.0	46.4	12.1%
ASP	\$0.57	\$0.55	\$0.53	\$0.51	\$0.50	\$0.49	\$0.48	
Total Revenue (in millions)	\$10.93	\$14.41	\$16.64	\$17.99	\$20.49	\$22.06	\$22.26	9.1%
Yr./Yr. Growth	NA	32%	15%	8%	14%	8%	1%	
% of Total Revenue	8%	10%	10%	10%	10%	10%	9%	
Other Misc. End-Markets								
Units sold (in millions)	16.1	26.5	37.3	37.9	42.2	46.8	51.7	14.3%
ASP	\$0.51	\$0.49	\$0.48	\$0.47	\$0.46	\$0.45	\$0.44	
Total Revenue (in millions)	\$8.20	\$12.97	\$18.27	\$17.79	\$19.40	\$21.06	\$22.75	11.8%
Yr./Yr. Growth	NA	58%	41%	-3%	9%	9%	8%	
% of Total Revenue	6%	9%	11%	9%	9%	9%	9%	
Total Units Sold by POWI (in millions)	300.1	330.8	400.7	470.3	538.3	618.9	721.0	16.8%
Yr./Yr. Growth	NA	10.2%	21.1%	17.4%	14.5%	15.0%	16.5%	
Total Market Oppty. Units (in millions)	3,154	3,427	3,793	4,098	4,380	4,656	4,954	7.6%
Yr./Yr. Growth	NA	8.7%	10.7%	8.1%	6.9%	6.3%	6.4%	
POWI Market Penetration %	9.5%	9.7%	10.6%	11.5%	12.3%	13.3%	14.6%	
POWI ASP across end-markets	\$0.46	\$0.44	\$0.42	\$0.40	\$0.39	\$0.37	\$0.35	
Yr./Yr. ASP erosion	NA	-4.3%	-4.3%	-4.1%	-3.1%	-4.1%	-5.2%	
Total POWI Revenue (in millions)	\$136.6	\$144.1	\$167.0	\$187.9	\$208.3	\$229.7	\$253.7	11.9%
Yr./Yr. Growth		5.5%	15.9%	12.5%	10.9%	10.3%	10.5%	

Source: SG Cowen & Co.

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Comparable Company Analysis

Semiconductor Companies Comparable Valuation Table

(\$ in millions, except per share data)	Price 2/2/06	Market Value (1)	Enterprise Value (2)	EV/Rev CY05E	CY06E	P/E CY05E	CY06E
Advanced Analogic Technologies	\$15.13	\$709	\$585	8.6x	6.0x	NM	34.9x
Amis Holdings Inc.	\$10.27	\$905	\$1,146	2.3x	1.9x	16.8x	14.3x
Cirrus Logic	\$8.33	\$734	\$505	2.8x	2.5x	44.3x	20.9x
ESS Technology Inc.	\$3.65	\$145	\$38	0.2x	0.2x	NM	NM
Genesis Microchip Inc.	\$19.06	\$711	\$536	2.0x	1.7x	24.8x	19.6x
Linear Technology Corp.	\$36.32	\$11,325	\$9,483	9.2x	8.0x	26.7x	25.2x
Maxim Integrated Products Inc.	\$40.28	\$13,502	\$11,917	7.1x	5.8x	26.2x	21.5x
Micrel Semiconductor	\$14.51	\$1,278	\$1,137	4.5x	3.9x	40.3x	27.4x
Microsemi Corp.	\$31.01	\$2,095	\$1,982	6.4x	5.6x	39.6x	27.8x
National Semiconductor	\$27.74	\$10,095	\$9,101	4.7x	4.3x	28.2x	25.1x
'02Micro International Ltd	\$12.13	\$490	\$358	3.4x	2.8x	60.7x	25.3x
PIXELWORKS, Inc.	\$4.58	\$218	\$220	1.3x	1.0x	NM	NM
PortalPlayer, Inc.	\$28.35	\$730	\$551	2.4x	1.6x	17.2x	15.3x
Power Integrations	\$26.16	\$802	\$671	4.7x	4.0x	38.5x	30.3x
SigmaTel Inc.	\$10.50	\$405	\$286	0.9x	1.0x	8.0x	42.2x
Semtech Corp.	\$19.55	\$1,494	\$1,237	5.2x	4.7x	34.5x	28.5x
Silicon Laboratories	\$47.79	\$2,686	\$2,330	5.5x	5.0x	39.8x	33.6x
ZILOG	\$2.41	\$39	\$18	0.2x	0.2x	NM	NM
Zoran Corporation	\$20.84	\$982	\$844	2.1x	1.8x	35.8x	24.5x
AVERAGE				3.9x	3.3x	32.1x	26.0x

(1) Market value is defined as the current stock price times the number of fully diluted shares outstanding.

(2) Enterprise value is defined as fully diluted market value plus debt, plus minority interests, plus preferred stock, less cash and cash equivalents.

Except for AMIS, ESST, GNSS, OIIM & PXLW, all ratios are based on SG Cowen estimates.

Source: First Call, Company Filings, SG Cowen & Co.



Power Integrations

Power Integrations is Suing Fairchild Semiconductor. We Think POWI Will Prevail.

In 3Q03 Fairchild Semiconductor announced that it had commenced shipping its branded Power Switch ICs into certain battery charger platforms to accompany Samsung mobile handsets. Prior to this, Power Integrations garnered 100% of Samsung's handset charger business (100 million-plus units a year), where most all Samsung chargers are integrated switchers (vs. linear models). In Q404 after extensive diligence, Power Integrations' filed suit against Fairchild claiming patent infringement. We are inclined to think that the Fairchild case is similar in nature to prior litigation that POWI initiated against ON Semiconductor (then MOT) in 1999, wherein POWI was awarded monetary damages of \$32 million. The 1999 outcome was also a meaningful boon to POWI's competitive positioning within the industry.

At present, we believe Fairchild's Power Switch likely infringes Power Integrations' IP, and we think that these products currently cause POWI to forego approximately \$10 million per year in sales. We expect a favorable jury verdict in 3Q06, with POWI receiving both monetary damages and injunctive relief. As a point of comparison, had the company not lost a large part of the Samsung business to Fairchild, POWI would likely have grown revenue about 13% in 2005, as compared to 6% sales growth.

Power Integrations has two noteworthy intellectual property advantages over its competitors. One is circuit/system specific and the other is device structure specific. We believe that Power Integrations is the only company that can legally produce power supply controller ICs with as few as three terminals (pins), forcing competitors to use less efficient and more expensive "work-arounds" to accomplish similar functionality. Power Integrations' chips also make multiple uses of the same pins, lowering total pin count and packaging costs.

Power Integrations' products integrate a high-voltage MOS field-effect transistor (HVMOSFET) with extensive power supply controller circuitry. While forgoing the engineering explanation, it is desirable to construct an HVMOSFET having a high breakdown voltage and a low "on-state" resistance. To accomplish this, many companies utilize a BCD MOS manufacturing process, which enables a monolithic IC solution (high voltage and low voltage transistors on the same chip). However, monolithic chips employing this method are more expensive to manufacture, and competing ICs require more high voltage transistor silicon area. Here, Power Integrations uses a patented transistor structure founded on buried, multiple lateral conduction layers, which we believe offers an important cost advantage. In essence Power Integrations' IP allows for a more compact HVMOSFET transistor, manufactured using a standard CMOS process. This proprietary device structure, coupled with the ability to employ a standard digital CMOS process (5V one metal, one poly CMOS, using 11 masks at 3 micron) significantly reduces the chip area, which lowers costs by allowing more ICs per wafer. Power Integrations' device structure patents have been successfully upheld, most recently in the context of Infineon.

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Power Integrations

Competition Summary

Power Integrations faces competition on three fronts—from linear transformer power supplies, from discrete electronics switched-mode power supplies, and from vertically-integrated competitors seeking to mimic Power Integrations' products.

Linear power supplies (LPS). For low-power charger applications, LPS still dominate the worldwide market, due to historically low cost, and the absence of competition from an integrated chip solution. However, the advantages of the LPS have eroded considerably. Recently, the cost of a LPS has risen substantially due to increasing copper and iron prices. Also, the 2002 introduction of Power Integrations' LinkSwitch product offered the first cost-competitive alternative to low power linears. Here, we believe LinkSwitch has "category killer" potential. Due to the inherent size and efficiency benefits of integrated electronic switchers, we believe the secular decline experienced by LPS should accelerate dramatically over the next few years.

Discrete electronics switched-mode power supplies (SMPS). Non-integrated, or discrete electronics SMPS, have steadily taken market share from LPS over the past several decades, especially at higher power levels. However, these devices have a high parts count, and are less efficient than power supplies that employ power conversion ICs. In steady fashion, SMPS using power conversion ICs are proliferating. This is largely driven by the rise in discrete semiconductor prices as well as lengthening transistor lead times. In this context, Power Integrations' ICs are generally at price parity with discrete solutions, while offering easier designs and enhanced features.

(Not so) fast followers. Power Integrations is experiencing competition from hybrid chips (ICs with separate transistor die and controller die in the same package), as well as monolithic solutions similar to TOPSwitch. Current competitors include ON Semiconductor, ST Microelectronics, Fairchild Semiconductor, Infineon, and Philips. We believe that the most interesting competitors are Fairchild and ST Microelectronics, due to their level of chip integration and growing customer base. It is noteworthy that Fairchild purchased Samsung's Semiconductor Power Device Division in 1999, which enabled the company to gain some traction at Samsung and Samsung's merchant power supply vendors (e.g. Dong Yang).

Competitor	Product Family
Fairchild Semiconductor	Green FPS Family, FSDH0165 chip, hybrid and monolithic solutions, BCD MOS
ST Microelectronics	ViPer Family; 12A & 22A chips; monolithic solution
ON Semiconductor	GreenLine Family; monolithic solution;
Philips	GreenChip controller; requires external MOSFET, BCD MOS
Infineon	CoolSET Family;



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Power Integrations Annual Adjusted Income Statement

POWI 02-Feb-06 December Year-End							
(\$000s)	2001	2002	2003	2004	2005	2006E	2007E
REVENUE	\$94,095	\$108,184	\$125,706	\$136,636	\$144,134	\$167,000	\$187,882
% Change Y/Y	NA	15.0%	16.2%	8.7%	5.5%	15.9%	12.5%
TOTAL COGS	\$51,252	\$60,723	\$62,814	\$71,409	\$72,813	\$83,310	\$95,820
GROSS PROFIT	\$42,843	\$47,461	\$62,892	\$65,227	\$71,321	\$83,690	\$92,062
Gross Margin	45.5%	43.9%	50.0%	47.7%	49.5%	50.1%	49.0%
R&D	\$14,471	\$14,705	\$16,443	\$16,162	\$16,355	\$17,400	\$17,600
% Sales	15.4%	13.6%	13.1%	11.8%	11.3%	10.4%	9.4%
Sales & marketing	\$14,485	\$14,537	\$15,484	\$15,273	\$17,689	\$18,400	\$18,000
% Sales	15.4%	13.4%	12.3%	11.2%	12.3%	11.0%	9.6%
G&A	\$5,980	\$6,203	\$6,848	\$8,102	\$14,603	\$17,300	\$14,000
% Sales	6.4%	5.7%	5.4%	5.9%	10.1%	10.4%	7.5%
TOTAL OPEX	\$34,936	\$35,445	\$38,775	\$39,537	\$48,647	\$53,100	\$49,600
OPERATING PROFIT	\$7,907	\$12,016	\$24,117	\$25,690	\$22,674	\$30,590	\$42,462
Operating Margin	8.4%	11.1%	19.2%	18.8%	15.7%	18.3%	22.6%
NET INTEREST	\$1,749	\$1,665	\$1,002	\$1,054	\$3,367	\$4,000	\$4,600
PRETAX PROFIT	\$9,656	\$13,681	\$25,119	\$26,744	\$26,041	\$34,590	\$47,062
% Sales	10.3%	12.6%	20.0%	19.6%	18.1%	20.7%	25.0%
TAX PROVISION	\$2,930	\$4,103	\$7,033	\$6,377	\$5,141	\$7,264	\$9,883
Tax rate	30.3%	30.0%	28.0%	23.8%	19.7%	21.0%	21.0%
ADJUSTED NET INCOME	\$6,726	\$9,578	\$18,086	\$20,367	\$20,900	\$27,326	\$37,179
Net Margin	7.1%	8.9%	14.4%	14.9%	14.5%	16.4%	19.8%
AVE. DILUTED SHARES	28,991	29,503	31,812	32,414	30,792	31,625	33,250
EPS, ADJUSTED ⁽¹⁾	\$0.23	\$0.32	\$0.57	\$0.63	\$0.68	\$0.86	\$1.12
EPS, GAAP	\$0.23	\$0.32	\$0.57	\$0.63	\$0.68	\$0.86	\$1.12

(1) Adjusted EPS exclude amortization of deferred stock comp. and intangibles, and non-recurring gains/losses
Source: Company Filings, SG Cowen & Co.



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Power Integrations

Power Integrations Quarterly Adjusted Income Statement

FOH1 03-Feb-06

December Year-End

(In \$000)

	2004				2005				2006				2007			
	Q1-A	Q2-A	Q3-A	Q4-A	Q1-A	Q2-A	Q3-A	Q4-A	Q1-A	Q2-A	Q3-A	Q4-A	Q1-E	Q2-E	Q3-E	Q4-E
REVENUE	\$34,165	\$35,944	\$32,944	\$33,581	\$39,218	\$38,239	\$38,543	\$37,976	\$39,000	\$45,000	\$45,000	\$45,000	\$44,000	\$46,200	\$47,500	\$50,182
X Change Y/Y	17.4%	20.8%	-4.6%	4.0%	0.7%	-1.8%	10.9%	12.8%	10.3%	21.1%	16.8%	16.8%	15.8%	18.3%	5.8%	11.3%
X Change Q/Q	5.4%	5.2%	-8.3%	1.8%	2.3%	2.8%	3.5%	3.6%	10.3%	2.8%	2.8%	15.4%	-2.2%	5.0%	2.8%	5.6%
TOTAL COGS	\$17,473	\$19,392	\$17,188	\$17,356	\$17,779	\$18,045	\$18,463	\$18,226	\$19,500	\$22,000	\$22,000	\$22,000	\$22,440	\$23,162	\$24,225	\$25,553
GROSS PROFIT	\$16,692	\$16,552	\$15,756	\$16,225	\$18,637	\$17,234	\$18,080	\$19,750	\$19,500	\$23,000	\$23,000	\$23,000	\$21,560	\$22,838	\$23,275	\$24,629
Gross Margin	48.9%	46.0%	47.8%	48.3%	47.5%	45.3%	47.2%	51.1%	50.0%	51.1%	51.1%	51.1%	49.0%	50.7%	49.0%	49.0%
R&D	\$4,132	\$4,086	\$4,096	\$3,826	\$4,098	\$4,104	\$4,105	\$4,048	\$4,200	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400
X Sales	12.2%	11.4%	12.4%	11.4%	11.2%	11.8%	11.2%	10.7%	11.1%	11.3%	11.3%	11.3%	10.0%	9.3%	9.3%	8.8%
Sales & Marketing	\$4,112	\$3,843	\$3,412	\$3,806	\$4,018	\$4,263	\$4,418	\$4,890	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
X Sales	12.0%	11.0%	10.4%	11.3%	11.7%	12.1%	12.1%	12.3%	12.8%	11.3%	10.8%	10.8%	10.3%	9.7%	9.3%	9.0%
G&A	\$1,579	\$2,049	\$2,382	\$2,092	\$2,777	\$2,933	\$4,032	\$4,401	\$4,500	\$4,600	\$4,600	\$4,600	\$3,500	\$3,500	\$3,500	\$3,500
X Sales	4.6%	5.7%	7.3%	6.2%	8.1%	11.2%	11.2%	12.9%	12.9%	11.3%	8.8%	8.8%	8.0%	7.8%	7.4%	7.0%
TOTAL OPEX	\$9,843	\$10,060	\$9,880	\$9,724	\$10,893	\$11,300	\$12,815	\$13,839	\$13,300	\$13,300	\$13,300	\$13,300	\$12,400	\$12,400	\$12,400	\$12,400
X Sales	28.8%	28.0%	30.0%	28.0%	27.7%	32.0%	34.3%	38.3%	34.1%	28.7%	28.7%	28.7%	28.2%	26.8%	26.1%	24.7%
X Change Q/Q	6.1%	2.4%	-1.0%	-1.7%	12.0%	3.7%	1.4%	9.7%	1.2%	-5.0%	-3.0%	0.0%	-3.9%	0.0%	0.0%	0.0%
OPERATING PROFIT	\$6,849	\$6,472	\$5,868	\$6,501	\$5,744	\$5,934	\$5,465	\$5,931	\$6,200	\$9,600	\$9,600	\$9,600	\$9,160	\$10,238	\$10,775	\$12,189
Operating Margin	20.0%	18.0%	17.8%	19.4%	16.7%	16.8%	15.0%	16.4%	15.9%	21.3%	21.3%	21.3%	20.8%	22.3%	22.3%	24.3%
NET INTEREST	\$239	\$131	\$339	\$325	\$654	\$725	\$639	\$1,049	\$1,000	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200
PRETAX PROFIT	\$7,088	\$6,603	\$6,207	\$6,826	\$6,398	\$6,659	\$6,404	\$6,980	\$7,200	\$10,600	\$10,600	\$10,600	\$10,260	\$11,338	\$12,075	\$13,389
X Sales	20.8%	18.4%	18.8%	20.3%	18.8%	18.9%	17.5%	17.3%	16.3%	18.3%	23.6%	23.6%	23.3%	24.5%	21.4%	26.7%
TAX PROVISION	\$1,910	\$1,975	\$602	\$2,310	\$1,483	\$1,832	\$739	\$1,107	\$1,300	\$1,512	\$2,236	\$2,236	\$2,155	\$2,381	\$2,536	\$2,812
Tax rate	24.0%	23.9%	6.1%	33.6%	23.0%	24.4%	11.5%	16.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
ADJUSTED NET INCOME	\$5,118	\$5,028	\$5,705	\$4,516	\$4,915	\$4,827	\$5,665	\$5,873	\$5,900	\$9,088	\$9,364	\$8,364	\$8,105	\$8,957	\$9,539	\$10,577
Net Margin	15.0%	14.0%	17.3%	13.4%	13.0%	14.3%	15.3%	15.5%	14.8%	18.6%	18.6%	18.6%	18.4%	19.4%	20.1%	21.0%
DILUTED SHARES	32,757	32,598	31,594	31,465	30,807	30,876	30,731	30,654	31,000	31,500	31,500	31,500	31,000	31,000	31,500	31,500
EPS, ADJUSTED (1)	\$0.16	\$0.15	\$0.18	\$0.14	\$0.16	\$0.16	\$0.18	\$0.19	\$0.18	\$0.29	\$0.30	\$0.27	\$0.26	\$0.29	\$0.30	\$0.34
EPS, GAAP	\$0.16	\$0.15	\$0.18	\$0.14	\$0.15	\$0.16	\$0.18	\$0.18	\$0.18	\$0.29	\$0.30	\$0.27	\$0.26	\$0.29	\$0.30	\$0.34
ANNUAL VALUES																
ANNUAL REVENUE				\$136,636				\$144,134								\$167,482
GROWTH Y/Y				8.7%				5.3%								12.5%
ADJUSTED NET INCOME				\$20,247				\$26,800								\$37,179
GROWTH Y/Y				12.6%				2.6%								36.1%
EPS, ADJUSTED (1)				\$0.63				\$0.86								\$1.12
EPS, GAAP				\$0.63				\$0.86								\$1.12
Book value per share	\$4.15	\$4.39	\$4.77	\$6.47	\$6.46	\$6.45	\$6.76	\$6.81	\$6.88	\$7.20	\$7.46	\$7.47	\$7.47	\$7.77	\$7.95	\$8.29
Net Cash Per share	\$3.77	\$4.14	\$4.50	\$4.22	\$3.97	\$4.02	\$4.06	\$4.26	\$4.17	\$4.29	\$4.49	\$4.91	\$4.91	\$5.18	\$5.40	\$5.71

(1) Adjusted EPS excludes amortization of deferred stock comp and intangibles, and non-recurring gains and losses

Source: Company Filings, SG Cowen & Co.



Cowen & Co.

Power Integrations

Power Integrations Reconciliation of Adjusted Net Income to GAAP Net Income

POWI 02-Feb-06 December Year-End	2000	2001	2002	2003	2004	2005	Q1-5	Q2-5	Q3-5	Q4-5	2006E	2007E
Adjusted Net Income (1)		\$6,726	\$9,378	\$18,096	\$20,367	\$20,900	\$4,850	\$5,688	\$8,374	\$8,374	\$27,326	\$37,179
Amortization												
Gains/losses on investments												
Other												
Net Income, GAAP	\$19,765	\$6,726	\$9,378	\$18,096	\$20,367	\$20,900	\$4,850	\$5,688	\$8,374	\$8,374	\$27,326	\$37,179
Adjusted share count		28,981	29,503	31,812	32,414	30,792	31,000	31,500	32,000	32,000	31,625	33,250
GAAP share count												
EPS, GAAP	\$0.69	\$0.23	\$0.32	\$0.57	\$0.63	\$0.68	\$0.16	\$0.18	\$0.26	\$0.26	\$0.86	\$1.12

(1) Adjusted net income excludes amortization of deferred stock comp. and intangibles, and non-recurring gains and losses
Source: Company Filings, SG Cowen & Co.

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Power Integrations

Power Integrations Statement of Cash Flows

 POWI 02-Feb-06
 December Year-End
 (\$000s)

	2001	2002	2003	2004	2005E	2006E	2007E
Net income (loss)	\$6,726	\$5,578	\$18,086	\$20,367	\$20,900	\$27,326	\$37,179
Adjustments to reconcile net income (loss) to cash provided by operating activities:							
Depreciation and amortization	6,944	6,684	6,846	6,880	6,830	8,350	9,394
Amortization of deferred compensation	41	147	135	-	-	-	-
Deferred income taxes	708	(718)	191	72	(10)	-	-
Deferred rent	441	284	(725)	-	-	-	-
Provision for A/R and other allowances	1,119	155	688	456	76	-	-
Tax benefit associated with employee stock plans	2,232	1,654	6,841	4,082	1,007	-	-
Stock compensation to non-employees	-	-	-	37	8	-	-
Changes in operating assets and liabilities:							
Accounts receivable	2,946	(3,533)	(2,492)	(2,360)	(1,334)	(7,983)	(2,473)
Inventories	(2,023)	8,594	(8,085)	(2,241)	6,913	(4,372)	(3,136)
Deferred Income Taxes	-	-	-	-	2,927	(206)	(150)
Prepaid expenses and other current assets	3,092	(1,465)	(2,909)	295	495	(389)	(283)
Accounts payable	(2,843)	3,086	191	694	(3,818)	1,171	856
Accrued Payroll and employee benefits	-	-	-	-	1,869	1,138	828
Taxes payable and other accrued	(2,380)	4,849	1,773	1,336	2,060	1,717	1,249
Deferred income on shipments to distributors	(768)	920	(153)	493	421	654	476
Cash provided by (used in) operating activities	\$16,223	\$31,334	\$20,387	\$30,111	\$38,344	\$27,407	\$43,941
Cash flow from investing activities:							
Capital expenditures	(7,629)	(4,510)	(37,787)	(8,135)	(4,504)	(5,010)	(5,636)
Purchases of securities	(30,750)	(42,325)	(6,210)	(29,182)	(6,806)	-	-
Sales and maturities of securities	42,998	25,173	33,037	19,270	11,271	-	-
Note to supplier	-	-	-	-	(10,000)	-	-
Cash provided by (used in) investing activities	\$4,619	(\$21,662)	(\$10,960)	(\$18,047)	(\$10,039)	(\$5,010)	(\$5,636)
Cash flow from financing activities:							
Payments related to capital lease	(678)	(441)	(233)	(41)	-	-	-
Proceeds receivable from stockholders	38	38	-	-	-	-	-
Proceeds from issuance of common stock	5,477	5,914	23,554	9,099	6,973	-	-
Repurchase of common stock	-	-	-	(11,797)	(28,305)	-	-
Cash provided by (used in) financing activities	\$4,837	\$5,511	\$23,321	(\$2,739)	(\$21,332)	\$0	\$0
Net change in cash and cash equivalents	\$25,679	\$15,383	\$32,748	\$9,325	\$6,973	\$22,397	\$38,305

SG Cowen Cash Flow Summary And Analysis	2001	2002	2003	2004	2005E	2006E	2007E
Cash flow from operations	16,223	31,334	20,387	30,111	38,344	27,407	43,941
minus net capital expenditures equals	(7,629)	(4,510)	(37,787)	(8,135)	(4,504)	(5,010)	(5,636)
Owners' cash flow ⁽¹⁾	\$8,594	\$27,024	(\$17,400)	\$21,976	\$33,840	\$22,397	\$38,305
Investing adjustments	9.1%	25.0%	-13.8%	16.1%	23.3%	13.4%	20.4%
Financing adjustments	12,248	(17,152)	26,827	(9,912)	(5,535)	-	-
	(7,411)	22,663	(3,507)	7,173	(32,361)	-	-
Net change in cash, cash equivalents, and securities	\$13,431	\$32,535	\$5,920	\$19,237	(\$4,056)	\$22,397	\$38,305
Beginning cash, cash equivalents, and securities	\$63,434	\$76,865	\$109,400	\$115,320	\$134,557	\$130,501	\$152,898
Ending cash, cash equivalents, and securities	\$76,865	\$109,400	\$115,320	\$134,557	\$130,501	\$152,898	\$191,203

(1) Owner's cash flow in 2003 includes an approximately \$30M CAPEX expenditure related to the purchase of the Company's San Jose facility. Absent this expenditure, Owner's cash flow in 2003 would have been approximately \$13M.

Source: Company Filings, SG Cowen & Co.



Cowan & Co.

Power Integrations

Power Integrations Balance Sheet

FOWI 02-Feb-06

December Year-End (\$000s)	2001	2002	2003	2004	2005	2006E	2007E
Cash, cash equivalents, and securities	76,865	109,400	115,320	134,659	130,501	133,179	132,898
Accounts receivable, net	5,124	8,522	10,326	12,230	13,448	17,123	17,123
Inventories, net	23,622	15,028	23,113	25,334	18,441	21,796	21,471
Deferred income taxes	5,146	6,064	4,275	4,205	1,095	22,813	22,813
Prepaid expenses and other current assets	1,526	1,672	3,086	2,600	2,067	1,127	1,301
Total current assets	\$112,483	\$140,686	\$156,120	\$176,846	\$165,592	\$178,504	\$191,664
Property, plant and equipment, net	23,182	21,008	51,949	51,718	48,635	47,095	46,195
Intangible assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	1,598	1,596	4,274	4,274	4,274
Other assets, net	-	-	1,485	3,122	14,014	14,430	16,650
Total assets	\$135,665	\$161,694	\$211,162	\$235,432	\$228,215	\$244,403	\$255,783
Accounts payable	4,641	7,727	7,918	8,612	5,059	5,399	6,230
Accrued salaries and employee benefits	3,164	4,389	5,310	4,672	6,049	6,229	7,187
Income taxes payable and other accrued	1,604	5,328	4,610	6,578	9,130	9,401	10,847
Current portion of capitalized lease	440	233	41	-	-	-	-
Deferred income on shipments to distributors	1,728	2,718	2,565	3,058	3,479	3,582	4,133
Total current liabilities	\$11,647	\$20,295	\$20,444	\$22,920	\$23,717	\$24,411	\$28,397
Other liabilities	-	-	-	-	-	-	-
Capital lease and deferred rent liability	-	-	-	-	-	-	-
Total liabilities	\$11,647	\$20,295	\$20,444	\$22,920	\$23,717	\$24,411	\$28,397
Total stockholders' equity	\$123,302	\$140,693	\$190,718	\$212,512	\$204,498	\$219,992	\$227,386
Total liabilities and stockholders' equity	\$135,665	\$161,694	\$211,162	\$235,432	\$228,215	\$244,403	\$255,783

Source: Company Filings, SG Cowen & Co.

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Cowan & Co.

Power Integrations

Power Integrations ROIC Analysis

POWI 02-Feb-06
(\$000s)

	2001	2002	2003	2004	2005	2006E	2007E
Adjusted EBIT:	\$7,907	\$12,016	\$24,117	\$25,690	\$22,674	\$30,590	\$42,462
+Implied interest from operating leases	1,700	2,200	1,200	-	-	-	-
+Increase in LIFO reserve	-	-	-	-	-	-	-
+Increase in bad debt reserve	-	-	-	-	-	-	-
+Increase in net capitalized R&D	-	-	-	-	-	-	-
Amortization (adjusted EBIT excludes amortization)	-	-	-	-	-	-	-
Adjusted Operating Profit Before Taxes	\$9,607	\$14,216	\$25,317	\$25,690	\$22,674	\$30,590	\$42,462
Income tax expense:	\$2,930	\$4,103	\$7,033	\$6,377	\$5,141	\$7,264	\$9,883
- Increase in deferred tax liabilities	-	-	-	-	-	-	-
+ Increase in deferred tax assets	-	-	-	-	-	-	-
+ Tax benefit from interest expense	-	-	-	-	-	-	-
- Tax expense from interest income	(612)	(583)	(351)	(369)	(1,178)	(1,400)	(1,610)
- Taxes on non-operating income	-	-	-	-	-	-	-
+ Tax benefits from interest on leases	595	770	420	-	-	-	-
Cash Operating Taxes	\$2,913	\$4,290	\$7,102	\$6,008	\$3,963	\$5,864	\$8,273
NOPAT	\$6,694	\$9,926	\$18,215	\$19,682	\$18,711	\$24,726	\$34,189
Book value of common equity	\$123,302	\$140,633	\$190,718	\$212,512	\$208,798	\$238,760	\$277,857
+Preferred stock	-	-	-	-	-	-	-
+Minority interest	-	-	-	-	-	-	-
+Deferred tax liabilities	-	-	-	-	-	-	-
+LIFO reserve	-	-	-	-	-	-	-
+Accumulated amortization expense	-	-	-	-	-	-	-
+Interest-bearing short-term debt	-	-	-	-	-	-	-
+Long-term debt	-	-	-	-	-	-	-
+Capitalized lease obligations	-	-	-	-	-	-	-
+PV of operating leases (1)	24,286	31,429	17,143	-	-	-	-
-Excess cash, cash equivalents & securities	(56,002)	(101,522)	(96,633)	(114,235)	(116,743)	(130,423)	(165,770)
-Deferred tax assets	-	-	-	-	-	-	-
Invested Capital	\$91,586	\$70,540	\$111,228	\$98,277	\$92,055	\$108,337	\$112,087
Return On Invested Capital	7.3%	14.1%	16.4%	20.0%	20.3%	22.8%	30.5%

Source: SG Cowen & Co.



Cowan & Co.

Power Integrations

Power Integrations Ratio Analysis

POWI 02-Feb-06 December Year-End							
Per Share:	2001	2002	2003	2004	2005	2006E	2007E
Cash flow from operations	\$0.56	\$1.07	\$0.64	\$0.93	\$1.25	\$0.87	\$1.32
Cash, cash equivalents, and securities	\$2.65	\$3.71	\$3.63	\$4.15	\$4.24	\$4.83	\$5.75
Book value	\$4.25	\$4.77	\$6.00	\$6.56	\$6.78	\$7.55	\$8.36
Tangible book value	\$4.25	\$4.77	\$6.00	\$6.56	\$6.78	\$7.55	\$8.36
Liquidity Ratios:							
Current ratio	9.7	6.9	7.6	7.8	7.0	7.1	7.7
Quick ratio	7.6	6.2	6.5	6.7	6.2	6.3	6.9
Leverage:							
Cash to equity	62.3%	77.8%	60.5%	63.3%	62.5%	64.0%	68.8%
Assets to equity	110.0%	115.0%	110.7%	110.8%	111.4%	111.9%	111.4%
Assets to equity (excl. cash)	126.6%	167.4%	127.1%	129.4%	130.3%	133.1%	136.7%
Turnover:							
Asset turnover	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
Asset turnover, excluding cash	1.6x	2.1x	1.3x	1.4x	1.4x	1.5x	1.6x
Accounts receivable turnover	18.4x	12.7x	12.2x	11.2x	10.7x	7.8x	7.8x
Inventory turnover	2.2x	4.0x	2.7x	2.8x	3.9x	3.7x	3.7x
Accounts payable turnover	11.0x	7.9x	7.9x	8.3x	14.4x	13.4x	13.5x
Cash Conversion Cycle:							
Days sales outstanding	20	29	30	33	34	47	47
Days inventory	168	90	134	130	92	100	99
Days payable	33	46	46	44	25	27	27
Cash conversion cycle (days)	155	73	118	118	101	120	118
Pre-Tax Return On Assets:							
Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	15.7%	18.3%	22.6%
x Asset turnover (Sales/Assets)	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
= Pre-Tax ROA	5.8%	7.4%	11.4%	10.9%	9.8%	11.5%	13.7%
x Tax burden (NI/EBT)	70%	70%	72%	76%	80%	79%	79%
= Return On Assets	4.1%	5.2%	8.2%	8.3%	7.8%	9.0%	10.8%
Pre-Tax Return On Assets (excl. cash):							
Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	15.7%	18.3%	22.6%
x Asset turnover (Sales/Assets), excluding cash	1.6x	2.1x	1.3x	1.4x	1.4x	1.5x	1.6x
= Pre-Tax ROA	13.4%	23.0%	25.2%	25.5%	22.2%	26.8%	35.8%
x Tax burden (NI/EBT)	70%	70%	72%	76%	80%	79%	79%
= Return On Assets, excluding cash	9.4%	16.1%	18.1%	19.4%	17.8%	21.2%	28.3%
Return On Equity:							
x Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	15.7%	18.3%	22.6%
x Interest benefit (EBT/EBIT)	122%	114%	104%	104%	115%	113%	111%
x Tax burden (NI/EBT)	70%	70%	72%	76%	80%	79%	79%
x Asset turnover (Sales/Assets)	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
x Leverage (Assets/S.E.)	110%	115%	111%	111%	111%	112%	111%
= ROE	-5.5%	-6.8%	9.5%	9.6%	10.0%	11.4%	13.4%

Source: SG Cowen & Co.



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Power Integrations

Addendum

COMPANIES MENTIONED IN THIS REPORT

Ticker	Company Name
POWI	Power Integrations

ANALYST CERTIFICATION

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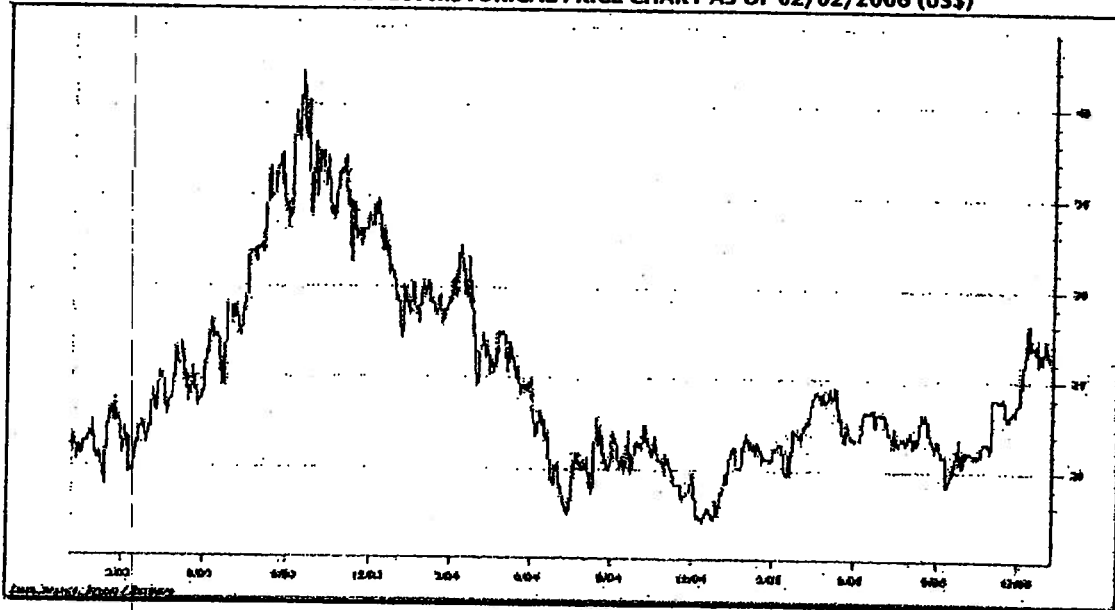
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Power Integrations**SG COWEN & CO. RATING DEFINITIONS PRIOR TO 3/1/2004**

Rating	Definition
Strong Buy (1)	Stock expected to outperform the S&P 500 by over 25%
Outperform (2)	Stock expected to outperform the S&P 500 by 10-25%
Market Perform (3)	Stock expected to out/underperform the S&P 500 by +/-10%
Underperform (4)	Stock expected to underperform the S&P 500 by at least 10%

Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

POW—SG COWEN & CO. HISTORICAL PRICE CHART AS OF 02/02/2006 (US\$)

Initiated on 07/14/04;
 SG Cowen & Co., LLC eliminated price targets on 09/09/02;
 SG Cowen & Co., LLC eliminated investment ratings on 03/01/04.

February 3, 2006

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Exhibit F


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June 22, 2005

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Power Integrations

Opinion Change

Adopting a Positive View in Front of 2006 Triggers

Conclusion: We are changing our investment opinion of Power Integrations shares, and we'd be buyers at current levels, in anticipation of 20% stock upside relative to the market over the next 12 months. In light of multiple Street downgrades of POWI stock in past weeks, as well as recent positive data points from Asia related to mobile handsets and consumer electronics, we're taking the occasion to articulate a bullish case for POWI shares, as we feel the bear case pays insufficient attention to significant 2006 stock triggers. The out-year catalysts which are most supportive of a long position are (1) a successful litigation settlement with Fairchild Semiconductor and (2) the adoption of broad-based energy efficiency initiatives in the state of California and elsewhere. We believe augmented market recognition of these events can set off meaningful share momentum later this year or early next year, and we are raising our 2006 numbers above consensus, in what we believe will be the first in a series of upward Street revisions over the next several quarters.

POWI (06/21) \$21.72
 Mkt cap \$671.1MM
 Dil shares out 30.9MM
 Avg daily vol 535.8K
 52-wk range \$16.5-25.2
 Dividend Nil
 Dividend yield Nil
 BV/sh \$6.46
 Net cash/sh \$3.97
 Debt/cap NA
 ROIC (LTM) 20.0%
 5-yr fwd EPS growth (Norm) 20.0%

Revenue \$MM

FY	2004	2005E	2006E
Dec	Actual	Prior	Current
Q1	34.2	—	34.4A
Q2	35.9	—	34.4
Q3	32.9	—	38.0
Q4	33.6	—	38.0
Year	136.6	—	144.9
CY	—	—	167.0
EV/S	—	—	173.0

EPS \$

FY	2004	2005E	2006E
Dec	Actual	Prior	Current
Q1	0.16	—	0.15A
Q2	0.15	—	0.14
Q3	0.18	—	0.17
Q4	0.14	—	0.17
Year	0.63	—	0.64
CY	—	—	0.81
P/E	—	—	0.90

Please see addendum of this report for important disclosures.

*Adjusted EPS excludes amortization of deferred stock comp and intangibles, and other non-recurring gains and losses

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Power Integrations

We are changing our investment opinion of Power Integrations shares, and we'd be buyers at current levels, in anticipation of 20% stock upside relative to the market over the next 12 months. In light of multiple Street downgrades of POWI stock in past weeks, as well as recent positive data points from Asia related to mobile handsets and consumer electronics, we're taking the occasion to articulate a bullish case for POWI shares, as we feel the bear case pays insufficient attention to significant 2006 stock triggers. The out-year catalysts which are most supportive of a long position are (1) a successful litigation settlement with Fairchild Semiconductor and (2) the adoption of broad-based energy efficiency initiatives in the state of California and elsewhere. We believe augmented market recognition of these events can set off meaningful share momentum later this year or early next year, and we are raising our 2006 numbers above consensus, in what we believe will be the first in a series of upward Street revisions over the next several quarters.

Some background. POWI stock is down about 12% over the past 7 trading sessions, largely stemming from recent Street downgrades. These downgrades focus principally on current valuation; however, we believe the bear case underestimates the positive impact of two important 2006 triggers.

One: The Litigation with Fairchild. In 3Q03 Fairchild announced that it had commenced shipping its branded Power Switch ICs into certain battery charger platforms to accompany Samsung mobile handsets. Prior to this, POWI garnered 100% of Samsung's handset charger business. In Q404 after extensive diligence, POWI filed suit against Fairchild claiming patent infringement. We are inclined to think the Fairchild case is similar in nature to prior litigation that POWI initiated against ON Semiconductor (then MOT) in 1999, wherein POWI was awarded monetary damages of \$32 million. The 1999 outcome was also a meaningful boon to POWI's competitive positioning within the industry. At present, we believe Fairchild's Power Switch likely infringes POWI's IP, and we think these products currently cause POWI to forego \$6-7 million per year in sales. We expect a favorable jury verdict in 3Q06, with POWI receiving both monetary damages and injunctive relief. The company has likewise spurred an ITC investigation of another competitor in the LCD end-market (System General), however, the impact to POWI revenue in this case is more difficult to quantify.

Two: The CEC initiative: The California Energy Commission has embarked on a new power efficiency initiative which imposes mandatory efficiency requirements on external power supplies. This initiative is intended to reduce energy waste in California, and manufacturers of legacy, linear transformer battery chargers/adaptors, as well as the OEMs that employ these legacy devices, will feel the greatest impact. In the U.S. there's an estimated installed base of 1.3 billion external chargers/adaptors, with 150 million devices currently in use in California. Approximately half of these devices are linear in nature, and will effectively be outlawed in California beginning in mid-2006, with tightening specifications beginning in 2008. Although POWI's ICs must always compete with discrete, multi-chip power supply solutions, in California alone the CEC mandate adds an incremental \$35 million to POWI's revenue opportunity. Also, as other states follow California's lead, spurred by nearly \$60 a barrel oil prices, this could add another \$300 million in market opportunity in the U.S. alone. As other countries adopt similar measures (which is ongoing in Europe and China, as well as many other nations), the worldwide, incremental, energy efficient chip opportunity exceeds \$1 billion.

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Current year tailwinds. We believe coming off of a choppy 2H04, where inventory overhang hurt sales, that POWI's end-markets have stabilized, and that aggregate demand for the company's converter ICs should demonstrate healthy 2H05 seasonality. In particular, our checks in Asia appear to indicate a healthy 2H ramp for mobile handsets, and POWI will also benefit this year from robust consumer electronics sales. As such we believe this year's numbers are well in-tact, and we expect the company to offer in-line or above full year guidance on the June quarter earnings call.

Valuation. In the context of most small-cap semiconductor companies, we believe POWI shares deserve a premium valuation multiple, owing to the analog-intensive nature of the company's product offerings, coupled with a business model that serves thousands of customers and demonstrates solid diversity amongst industries and end-markets. From early 2002 until present, POWI shares have demonstrated an average forward P/E multiple of 37x, with an accompanying EV/sales multiple of about 5.0x. On average over the same period, the stock has traded at about twice the S&P500 forward earnings multiple. In conjunction with the aforementioned analysis, and underscoring the strong secular story accompanying Power Integrations' business model, we like the shares' risk/reward profile, and we feel at some point the stock price could begin to reflect multiple expansion from current levels.

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Power Integrations

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June 22, 2005

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Power Integrations

Power Integrations - Annual Income Statement

POWI 21-Jun-05 December Year-End (\$000s)						
	2001	2002	2003	2004	2005E	2006E
REVENUE	\$94,095	\$108,184	\$125,706	\$136,636	\$144,816	\$173,000
% Change Y/Y	NA	15.0%	16.2%	8.7%	6.0%	19.5%
TOTAL COGS	\$51,252	\$60,723	\$62,814	\$71,409	\$74,635	\$89,480
GROSS PROFIT	\$42,843	\$47,461	\$62,892	\$65,227	\$70,181	\$83,520
Gross Margin	45.5%	43.9%	50.0%	47.7%	48.5%	48.3%
R&D	\$14,471	\$14,705	\$16,443	\$16,162	\$16,598	\$16,800
% Sales	15.4%	13.6%	13.1%	11.8%	11.5%	9.7%
Sales & marketing	\$14,485	\$14,537	\$15,484	\$15,273	\$16,218	\$16,800
% Sales	15.4%	13.4%	12.3%	11.2%	11.2%	9.7%
G&A	\$5,980	\$6,203	\$6,848	\$8,102	\$12,277	\$13,000
% Sales	6.4%	5.7%	5.4%	5.9%	8.5%	7.5%
TOTAL OPEX	\$34,936	\$35,445	\$38,775	\$39,537	\$45,093	\$46,600
OPERATING PROFIT	\$7,907	\$12,016	\$24,117	\$25,690	\$25,088	\$36,920
Operating Margin	8.4%	11.1%	19.2%	18.8%	17.3%	21.3%
NET INTEREST	\$1,749	\$1,665	\$1,002	\$1,054	\$1,554	\$1,900
PRETAX PROFIT	\$9,656	\$13,681	\$25,119	\$26,744	\$26,642	\$38,820
% Sales	10.3%	12.6%	20.0%	19.6%	18.4%	22.4%
TAX PROVISION	\$2,930	\$4,103	\$7,033	\$6,377	\$6,926	\$10,093
Tax rate	30.3%	30.0%	28.0%	23.8%	26.0%	26.0%
ADJUSTED NET INCOME	\$6,726	\$9,578	\$18,086	\$20,367	\$19,716	\$28,727
Net Margin	7.1%	8.9%	14.4%	14.9%	13.6%	16.6%
AVE. DILUTED SHARES	28,991	29,503	31,812	32,414	30,914	31,700
EPS, ADJUSTED ⁽¹⁾	\$0.23	\$0.32	\$0.57	\$0.63	\$0.64	\$0.90
EPS, GAAP	\$0.23	\$0.32	\$0.57	\$0.63	\$0.64	\$0.90

(1) Adjusted EPS exclude amortization of deferred stock comp. and intangibles, and non-recurring gains/losses
Source: Company Filings, SG Cowen & Co.

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June 22, 2005

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Power Integrations

Power Integrations - Quarterly Income Statement

 POWI 21-Jun-05
 December Year-End
 (\$000s)

December Year-End									
	2004				2005E			2006E	
	Q1-A	Q2-A	Q3-A	Q4-A	Q1-A	Q2-E	Q3-E	Q4-E	
REVENUE	\$34,165	\$35,944	\$32,946	\$33,581	\$34,416	\$34,400	\$38,000	\$38,000	Q4-E
% Change Y/Y	17.4%	20.6%	-4.6%	4.0%	0.7%	-4.3%	15.3%	13.2%	\$48,000
% Change Q/Q	5.8%	5.2%	-8.3%	1.9%	2.5%	0.0%	10.5%	0.0%	\$48,000
TOTAL COGS	\$17,473	\$19,392	\$17,188	\$17,356	\$17,779	\$17,716	\$19,570	\$19,570	\$24,720
GROSS PROFIT	\$16,692	\$16,552	\$15,758	\$16,225	\$16,637	\$16,684	\$18,430	\$18,430	\$23,280
Gross Margin	48.9%	46.0%	47.8%	48.3%	48.3%	48.5%	48.5%	48.5%	48.5%
R&D	\$4,152	\$4,088	\$4,096	\$3,826	\$4,098	\$4,100	\$4,200	\$4,200	\$4,200
% Sales	12.2%	11.4%	12.4%	11.4%	11.9%	11.9%	11.1%	11.1%	8.8%
Sales & marketing	\$4,112	\$3,943	\$3,412	\$3,806	\$4,018	\$4,000	\$4,100	\$4,100	\$4,300
% Sales	12.0%	11.0%	10.4%	11.3%	11.7%	11.6%	10.8%	10.8%	9.0%
G&A	\$1,579	\$2,049	\$2,382	\$2,092	\$2,777	\$3,100	\$3,200	\$3,200	\$3,000
% Sales	4.6%	5.7%	7.2%	6.2%	8.1%	9.0%	8.4%	8.4%	6.3%
TOTAL OPEX	\$9,843	\$10,080	\$9,890	\$9,724	\$10,893	\$11,200	\$11,500	\$11,500	\$11,500
% Sales	28.8%	28.0%	30.0%	29.0%	31.7%	32.6%	30.3%	30.3%	24.4%
% Change Q/Q	6.1%	2.4%	-1.9%	-1.7%	12.0%	2.8%	2.7%	0.0%	0.0%
OPERATING PROFIT	\$6,849	\$6,472	\$5,868	\$6,501	\$5,744	\$5,484	\$6,930	\$6,930	\$11,780
Operating Margin	20.0%	18.0%	17.8%	19.4%	16.7%	15.9%	18.2%	18.2%	24.5%
NET INTEREST	\$259	\$131	\$339	\$325	\$654	\$300	\$300	\$300	\$600
PRETAX PROFIT	\$7,108	\$6,603	\$6,207	\$6,826	\$6,398	\$5,784	\$7,230	\$7,230	\$12,380
% Sales	20.8%	18.4%	18.8%	20.3%	18.6%	16.8%	19.0%	19.0%	25.8%
TAX PROVISION	\$1,990	\$1,575	\$502	\$2,310	\$1,663	\$1,504	\$1,880	\$1,880	\$3,219
Tax rate	28.0%	23.9%	8.1%	33.8%	26.0%	26.0%	26.0%	26.0%	26.0%
ADJUSTED NET INCOME	\$5,118	\$5,028	\$5,705	\$4,516	\$4,735	\$4,280	\$5,350	\$5,350	\$9,161
Net Margin	15.0%	14.0%	17.3%	13.4%	13.8%	12.4%	14.1%	14.1%	19.1%
DILUTED SHARES	32,757	32,598	31,994	31,865	30,907	30,750	31,000	31,000	32,000
EPS, ADJUSTED ⁽¹⁾	\$0.16	\$0.15	\$0.18	\$0.14	\$0.15	\$0.14	\$0.17	\$0.17	\$0.29
EPS, GAAP	\$0.16	\$0.15	\$0.18	\$0.14	\$0.15	\$0.14	\$0.17	\$0.17	\$0.29
ANNUAL VALUES:									
ANNUAL REVENUE				\$136,636				\$144,816	2006E
GROWTH Y/Y				8.7%				6.0%	\$173,000
ADJUSTED NET INCOME				\$20,367				\$19,716	19.5%
GROWTH Y/Y				12.6%				-3.2%	\$28,727
EPS, ADJUSTED ⁽¹⁾				\$0.63				\$0.64	45.7%
EPS, GAAP				\$0.63				\$0.64	\$0.90
Book Value per share	\$6.15	\$6.39	\$6.77	\$6.67	\$6.46	\$6.63	\$6.76	\$6.93	\$7.14
Net Cash Per share	\$3.77	\$4.14	\$4.50	\$4.22	\$3.97	\$4.23	\$4.37	\$4.54	\$4.83

 (1) Adjusted EPS excludes amortization of deferred stock comp and intangibles, and non-recurring gains and losses
 Source: Company Filings, SG Cowen & Co.



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Power Integrations

Power Integrations – Statement of Cash Flows

POWI 21-Jun-05 December Year-End (\$000s)						
	2001	2002	2003	2004	2005E	2006E
Net income (loss)	\$6,726	\$9,578	\$18,086	\$20,367	\$19,716	\$28,727
Adjustments to reconcile net income (loss) to cash provided by operating activities:						
Depreciation and amortization	6,944	6,684	6,846	6,880	7,248	8,650
Amortization of deferred compensation	41	147	135	-	-	-
Deferred income taxes	708	(718)	191	72	(10)	-
Deferred rent	441	284	(725)	-	-	-
Provision for A/R and other allowances	1,119	155	688	456	100	-
Tax benefit associated with employee stock plans	2,232	1,654	6,841	4,082	171	-
Stock compensation to non-employees	-	-	-	37	4	-
Changes in operating assets and liabilities:						
Accounts receivable	2,946	(3,553)	(2,492)	(2,360)	(4,992)	(5,779)
Inventories	(2,023)	8,594	(8,085)	(2,241)	5,512	(5,222)
Deferred income taxes	-	-	-	-	(419)	(1,169)
Prepaid expenses and other current assets	3,092	(146)	(2,909)	295	1,080	(393)
Accounts payable	(2,849)	3,086	191	694	1,309	2,611
Accrued Payroll and employee benefits	-	-	-	-	387	1,079
Taxes payable and other accrued	(2,386)	4,849	1,773	1,336	112	2,012
Deferred income on shipments to distributors	(768)	920	(153)	493	109	833
Cash provided by (used in) operating activities	\$16,223	\$31,534	\$20,387	\$30,111	\$30,326	\$31,351
Cash flow from investing activities:						
Capital expenditures	(7,629)	(4,510)	(37,787)	(8,135)	(6,373)	(9,420)
Purchases of securities	(30,750)	(42,325)	(6,210)	(29,182)	(2,745)	-
Sales and maturities of securities	42,998	25,173	33,037	19,270	-	-
Cash provided by (used in) investing activities	\$4,619	(\$21,662)	(\$10,960)	(\$18,047)	(\$9,118)	(\$9,420)
Cash flow from financing activities:						
Payments related to capital lease	(678)	(441)	(233)	(41)	-	-
Proceeds receivable from stockholders	38	38	-	-	-	-
Proceeds from issuance of common stock	5,477	5,914	23,554	9,099	2,454	-
Repurchase of common stock	-	-	-	(11,797)	(20,233)	-
Cash provided by (used in) financing activities	\$4,837	\$5,511	\$23,321	(\$2,739)	(\$17,779)	\$0
Net change in cash and cash equivalents	\$25,679	\$15,383	\$32,748	\$9,325	\$3,429	\$21,931

SG Cowen Cash Flow Summary And Analysis						
	2001	2002	2003	2004	2005E	2006E
Cash flow from operations	16,223	31,534	20,387	30,111	30,326	31,351
minus net capital expenditures equals	(7,629)	(4,510)	(37,787)	(8,135)	(6,373)	(9,420)
Owners' cash flow ⁽¹⁾	\$8,594	\$27,024	(\$17,400)	\$21,976	\$23,953	\$21,931
Investing adjustments	12,248	(17,152)	26,827	(9,912)	(2,745)	-
Financing adjustments	(7,411)	22,663	(3,507)	7,173	(15,034)	-
Net change in cash, cash equivalents, and securities	\$13,431	\$32,535	\$5,920	\$19,237	\$6,174	\$21,931
Beginning cash, cash equivalents, and securities	\$63,434	\$76,865	\$109,400	\$115,320	\$134,557	\$140,731
Ending cash, cash equivalents, and securities	\$76,865	\$109,400	\$115,320	\$134,557	\$140,731	\$162,662

(1) Owner's cash flow in 2003 includes an approximately \$30M CAPEX expenditure related to the purchase of the Company's San Jose facility. Absent this expenditure, Owner's cash flow in 2003 would have been approximately \$13M.

Source: Company Filings, SG Cowen & Co.

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June 22, 2005

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Power Integrations

Power Integrations – Balance Sheet

POWI 21-Jun-05 December Year-End (\$000s)	2001 Q4	2002 Q4	2003 Q4	2004 Q4	2005E Q4-E	2006E Q4-E
Cash, cash equivalents, and securities	76,865	109,400	115,320	134,557	140,731	162,662
Accounts receivable, net	5,124	8,522	10,326	12,230	17,123	22,902
Inventories, net	23,622	15,028	23,113	25,354	19,842	25,063
Deferred income taxes	5,346	6,064	4,275	4,205	4,441	5,609
Prepaid expenses and other current assets	1,526	1,672	3,086	2,600	1,495	1,888
Total current assets	\$112,483	\$140,686	\$156,120	\$178,946	\$183,632	\$218,125
Property, plant and equipment, net	23,182	21,008	51,949	51,718	50,935	51,705
Intangible assets	-	-	-	-	-	-
Deferred tax assets	-	-	1,598	1,596	1,789	1,789
Other assets, net	-	-	1,495	3,172	3,427	4,329
Total assets	\$135,665	\$161,694	\$211,162	\$235,432	\$239,784	\$275,948
Accounts payable	4,641	7,727	7,918	8,612	9,921	12,532
Accrued salaries and employee benefits	3,164	4,389	5,310	4,672	4,102	5,181
Income taxes payable and other accrued	1,604	5,228	4,610	6,578	7,647	9,660
Current portion of capitalized lease	440	233	41	-	-	-
Deferred income on shipments to distributors	1,798	2,718	2,565	3,058	3,167	4,000
Total current liabilities	\$11,647	\$20,295	\$20,444	\$22,920	\$24,837	\$31,373
Other liabilities	-	-	-	-	-	-
Capital lease and deferred rent liability	716	766	-	-	-	-
Total liabilities	\$12,363	\$21,061	\$20,444	\$22,920	\$24,837	\$31,373
Total stockholders' equity	\$123,302	\$140,633	\$190,718	\$212,512	\$214,947	\$244,576
Total liabilities and stockholders' equity	\$135,665	\$161,694	\$211,162	\$235,432	\$239,784	\$275,948

Source: Company Filings, SG Cowen & Co.

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Power Integrations – ROIC Analysis

POWI 21-Jun-05 (\$000s)						
	2001	2002	2003	2004	2005E	2006E
Adjusted EBIT:						
+Implied interest from operating leases	\$7,907	\$12,016	\$24,117	\$25,690	\$25,088	\$36,920
+Increase in LIFO reserve	1,700	2,200	1,200	-	-	-
+Increase in bad debt reserve	-	-	-	-	-	-
+Increase in net capitalized R&D	-	-	-	-	-	-
Amortization (adjusted EBIT excludes amortization)	-	-	-	-	-	-
Adjusted Operating Profit Before Taxes	\$9,607	\$14,216	\$25,317	\$25,690	\$25,088	\$36,920
Income tax expense:						
- Increase in deferred tax liabilities	\$2,930	\$4,103	\$7,033	\$6,377	\$6,926	\$10,093
+ Increase in deferred tax assets	-	-	-	-	-	-
+ Tax benefit from interest expense	-	-	-	-	-	-
-Tax expense from interest income	(612)	(583)	(351)	(369)	(544)	(665)
-Taxes on non-operating income	-	-	-	-	-	-
+ Tax benefits from interest on leases	595	770	420	-	-	-
Cash Operating Taxes	\$2,913	\$4,290	\$7,102	\$6,008	\$6,383	\$9,428
NOPAT	\$6,694	\$9,926	\$18,215	\$19,682	\$18,705	\$27,492
Book value of common equity	\$123,302	\$140,633	\$190,718	\$212,512	\$214,947	\$244,576
+Preferred stock	-	-	-	-	-	-
+Minority interest	-	-	-	-	-	-
+Deferred tax liabilities	-	-	-	-	-	-
+LIFO reserve	-	-	-	-	-	-
+Accumulated amortization expense	-	-	-	-	-	-
+Interest-bearing short-term debt	-	-	-	-	-	-
+Long-term debt	-	-	-	-	-	-
+Capitalized lease obligations	-	-	-	-	-	-
+PV of operating leases (1)	24,286	31,429	17,143	-	-	-
-Excess cash, cash equivalents & securities	(56,002)	(101,522)	(96,633)	(114,235)	(123,941)	(140,181)
-Deferred tax assets	-	-	-	-	-	-
Invested Capital	\$91,586	\$70,540	\$111,228	\$98,277	\$91,006	\$104,395
Return On Invested Capital	7.3%	14.1%	16.4%	20.0%	20.6%	26.3%
-Goodwill, net	-	-	-	-	-	-
-Intangible assets, net	-	-	-	-	-	-
Return On Invested Capital, ex. GW + Intang.	7.3%	14.1%	16.4%	20.0%	20.6%	26.3%
Invested Capital:	2001	2002	2003	2004	2005E	2006E
Working capital, excl. cash, cash equivalents & securities	20,863	7,878	18,687	20,322	16,790	22,481
Cash, cash equivalents & securities	76,865	109,400	115,320	134,557	140,731	162,662
Excess cash, cash equivalents & securities	\$56,002	\$101,522	\$96,633	\$114,235	\$123,941	\$140,181

EBIT = Earnings Before Taxes and Interest

NOPAT = Net Operating Profit After Tax

ROIC = Return On Invested Capital

(1) The company purchased its primary facility in 2003, eliminating lease obligations.
Source: SG Cowen & Co.

SGC 0340

June 22, 2005

SG

Cowen & Co.

Power Integrations**Power Integrations – Ratio Analysis**

POWI 21-Jun-05 December Year-End	2001	2002	2003	2004	2005E	2006E
Per Share:						
Cash flow from operations	\$0.56	\$1.07	\$0.64	\$0.93	\$0.98	\$0.99
Cash, cash equivalents, and securities	\$2.65	\$3.71	\$3.63	\$4.15	\$4.55	\$5.13
Book value	\$4.25	\$4.77	\$6.00	\$6.56	\$6.95	\$7.72
Tangible book value	\$4.25	\$4.77	\$6.00	\$6.56	\$6.95	\$7.72
Liquidity Ratios:						
Current ratio	9.7	6.9	7.6	7.8	7.4	7.0
Quick ratio	7.6	6.2	6.5	6.7	6.6	6.2
Leverage:						
Cash to equity	62.3%	77.8%	60.5%	63.3%	65.5%	66.5%
Assets to equity	110.0%	115.0%	110.7%	110.8%	111.6%	112.8%
Assets to equity (excl. cash)	126.6%	167.4%	127.1%	129.4%	133.5%	138.3%
Turnover:						
Asset turnover	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x
Asset turnover, excluding cash	1.6x	2.1x	1.3x	1.4x	1.5x	1.5x
Accounts receivable turnover	18.4x	12.7x	12.2x	11.2x	8.5x	7.6x
Inventory turnover	2.2x	4.0x	2.7x	2.8x	3.8x	3.6x
Accounts payable turnover	11.0x	7.9x	7.9x	8.3x	7.5x	7.1x
Cash Conversion Cycle:						
Days sales outstanding	20	29	30	33	43	48
Days inventory	168	90	134	130	97	102
Days payable	33	46	46	44	49	51
Cash conversion cycle (days)	155	73	118	118	92	99
Pre-Tax Return On Assets:						
Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	17.3%	21.3%
x Asset turnover (Sales/Assets)	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x
= Pre-Tax ROA	5.8%	7.4%	11.4%	10.9%	10.5%	13.4%
x Tax burden (NI/EBT)	70%	70%	72%	76%	74%	74%
= Return On Assets	4.1%	5.2%	8.2%	8.3%	7.7%	9.9%
Pre-Tax Return On Assets (excl. cash):						
Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	17.3%	21.3%
x Asset turnover (Sales/Assets), excluding cash	1.6x	2.1x	1.3x	1.4x	1.5x	1.5x
= Pre-Tax ROA	13.4%	23.0%	25.2%	25.5%	25.3%	32.6%
x Tax burden (NI/EBT)	70%	70%	72%	76%	74%	74%
= Return On Assets, excluding cash	9.4%	16.1%	18.1%	19.4%	18.7%	24.1%
Return On Equity:						
x Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	17.3%	21.3%
x Interest benefit (EBT/EBIT)	122%	114%	104%	104%	106%	105%
x Tax burden (NI/EBT)	70%	70%	72%	76%	74%	74%
x Asset turnover (Sales/Assets)	0.7x	0.7x	0.6x	0.6x	0.6x	0.6x
x Leverage (Assets/S.E.)	110%	115%	111%	111%	112%	113%
= ROE	-5.5%	-6.8%	9.5%	9.6%	9.2%	11.7%
Return On Equity (excl. cash):						
x Operating margin (EBIT/Sales)	8.4%	11.1%	19.2%	18.8%	17.3%	21.3%
x Interest benefit (EBT/EBIT)	122%	114%	104%	104%	106%	105%
x Tax burden (NI/EBT)	70%	70%	72%	76%	74%	74%
x Asset turnover (Sales/Assets), excl. cash	1.6x	2.1x	1.3x	1.4x	1.5x	1.5x
x Leverage (Assets/S.E.), excl. cash	127%	167%	127%	129%	133%	138%
= ROE	-14.5%	-30.7%	24.0%	26.1%	26.6%	35.1%

Source: SG Cowen & Co.

SGC 0341



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Power Integrations

Addendum

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Each author of this research report hereby certifies that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the subject securities or issuers, and (ii) no part of his or her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in this report.

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June 22, 2005

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Power Integrations

SG COWEN & CO. RATING DEFINITIONS PRIOR TO 3/1/2004

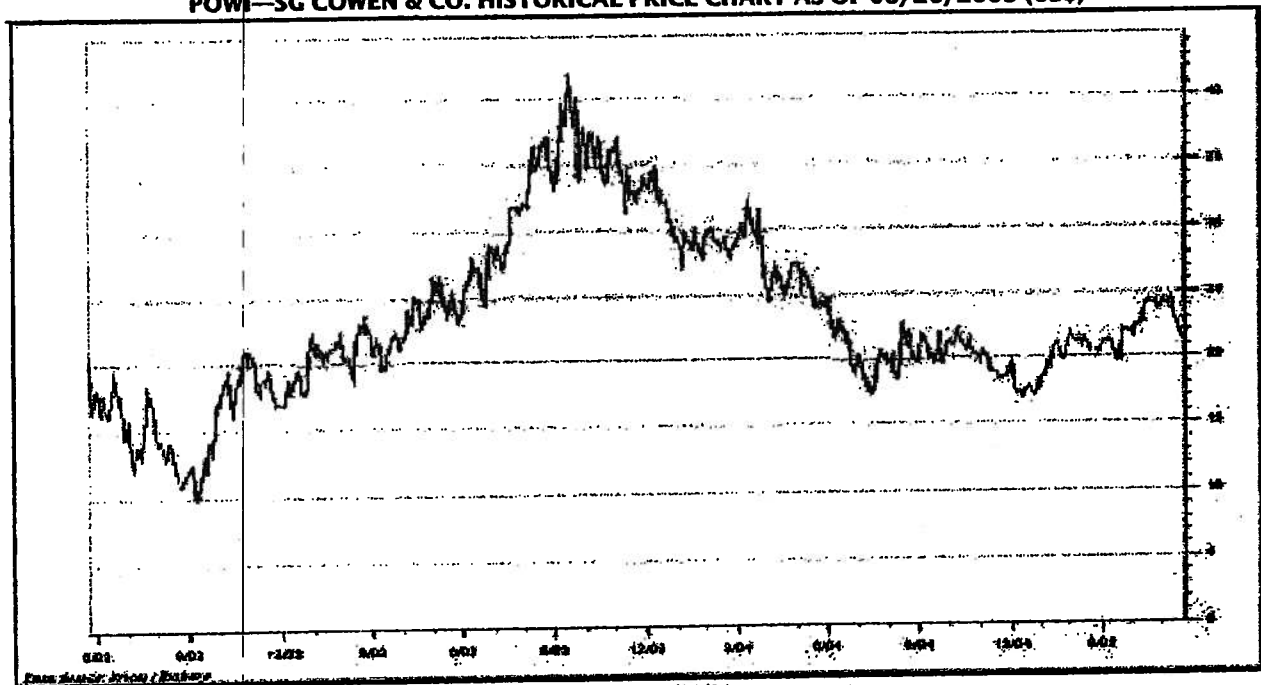
Rating	Definition
Strong Buy (1)	Stock expected to outperform the S&P 500 by over 25%
Outperform (2)	Stock expected to outperform the S&P 500 by 10-25%
Market Perform (3)	Stock expected to out/underperform the S&P 500 by +/-10%
Underperform (4)	Stock expected to underperform the S&P 500 by at least 10%

Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

SG COWEN & CO. RATING DEFINITIONS PRIOR TO 9/9/2002

Rating	Definition
Strong Buy (1)	Analyst expects the stock to outperform the market over the next 6-12 months
Buy (2)	Analyst expects the stock to outperform the market over the next 12-18 months
Neutral (3)	Analyst expects the stock to perform in line with the market over the next 12 months
Underperform (4)	Analyst expects the stock to underperform the market over the next 12 months

POW—SG COWEN & CO. HISTORICAL PRICE CHART AS OF 06/20/2005 (US\$)



Initiated on 07/14/04;
 SG Cowen & Co., LLC eliminated price targets on 09/09/02;
 SG Cowen & Co., LLC eliminated investment ratings on 03/01/04.

SGC 0343

Exhibit G



Power Integrations To Receive National Energy-Efficiency Award

Company to Be Honored for Reducing Energy Waste from Electronic Products

SAN JOSE, Calif. – September 12, 2006 – Power Integrations, Inc. (OTC: POWI), the inventor of EcoSmart[®] energy-efficiency technology, will receive a 2006 Star of Energy Efficiency award from the national Alliance to Save Energy. The only technology company among this year's three corporate honorees, Power Integrations is being recognized for its efforts to reduce electricity waste by improving the efficiency of electronic products. The award will be presented to Balu Balakrishnan, the company's president and CEO, at the Alliance's annual black-tie awards gala tonight in Washington, D.C. The event is being hosted by 50 U.S. Senators and Members of Congress.

Power Integrations' integrated circuits (ICs) with EcoSmart technology are used in power supplies, the devices that convert high-voltage AC power from a wall outlet into the low-voltage DC power needed by most electronic products. EcoSmart technology intelligently manages the flow of power through the power supply, dramatically reducing the amount of energy consumed during normal operation and reducing standby power by up to 97 percent. Standby power, the electricity wasted while electronic products are idle, is estimated to account for up to 10 percent of residential electricity usage.

Since 1998, Power Integrations has sold more than 1.1 billion chips with EcoSmart technology, saving consumers and businesses an estimated \$1.8 billion on their electricity bills and preventing some 12 million tons of CO₂ emissions. The company's ICs can be found in a wide range of electronic products including consumer electronics, appliances, cellphone chargers, computer equipment and industrial electronics.


"The Alliance is delighted to honor Power Integrations with a 2006 Star of Energy Efficiency award," said Alliance President Kateri Callahan. "Power Integrations' EcoSmart technology is generating well over \$1 million in energy savings each day without any increase in the cost of consumer products and without any change in consumer behavior. EcoSmart technology is a wonderful example of how innovation can help solve our energy issues."

"This award is a tremendous honor for Power Integrations," said Mr. Balakrishnan. "The market success of our EcoSmart technology has proven that energy efficiency can be simple and cost-effective for manufacturers and consumers. We are extremely proud of the benefits that our technology is bringing to consumers and to the environment, and we are very pleased that the Alliance has selected Power Integrations to receive a Star of Energy Efficiency award."

About Power Integrations

Power Integrations, Inc. (OTC: POWI) is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world an estimated \$1.8 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at www.powerint.com. For information on global energy-efficiency standards and EcoSmart solutions, visit the PI Green Room at www.powerint.com/greenroom.

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Star of Energy Efficiency – Super Nova Award – Power Integrations, Inc.



An Evening with the Stars of Energy Efficiency
GALA DINNER & AWARDS CEREMONY
Tuesday September 12th, 2006, 6 pm to 10 pm
The Great Hall, National Building Museum
411 G Street, NW, Washington, DC

**Star of Energy Efficiency
Super Nova Award
Power Integrations, Inc.**

For its innovative application of technology to dramatically reduce electricity waste and improve the efficiency of power supplies, Power Integrations will receive the Super Nova Star of Energy Efficiency Award. Power Integrations is a pioneer in the conversion of high-voltage alternating current to low-voltage direct current. The company's integrated circuits (ICs), contained in everything from DVD players, desktop computers, cell phone chargers, adapters and much more, are responsible for an estimated \$1.4 billion in energy savings and the reduction of more than 10 million tons of CO2 emissions.

Products using Power Integrations technology typically operate at efficiency levels exceeding 80 percent and consume up to 95 percent less standby power than conventional devices. In fact, the over 1 billion *EcoSmart* ICs currently in the market are accruing energy savings at a rate of more than \$1 million per day and rising.

The availability and cost-effectiveness of Power Integrations' *EcoSmart* technology has also encouraged manufacturers to produce energy-efficient power supplies and enabled regulators worldwide to implement energy-efficiency standards without imposing undue burdens on manufacturers. This advanced technology not only makes energy savings cost-effective and practical but functions as a catalyst for future energy-efficiency gains.

Power Integrations is an award winning company with over 200 registered patents and has been recognized repeatedly for its cutting edge energy-efficiency technology. The Super Nova Star of Energy Efficiency Award is presented in recognition of the company's innovation, leadership, and commitment to making electronic products more efficient.

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Power Integrations Receives 2006 ENERGY STAR® Award

PI Is First Analog Semiconductor Company to Be Recognized

SAN JOSE, Calif. – March 21, 2006 – Power Integrations (Nasdaq: POWI), the leader in high-voltage analog integrated circuits for power conversion, announced today that it has received a 2006 ENERGY STAR award. The award recognizes the company for its EcoSmart® technology, which reduces energy consumption in a wide range of electronic products. Power Integrations is the first analog semiconductor company chosen to receive an ENERGY STAR award. The company will accept the award at a ceremony today in Washington, D.C.

Power Integrations' integrated circuits (ICs) with EcoSmart technology help manufacturers earn the ENERGY STAR label on a wide range of products such as computer equipment, TVs, DVD players, home appliances and AC adapters. The company's ICs are used in power supplies, the devices that convert high-voltage AC power from a wall outlet into the low-voltage DC power needed by most electronic products. EcoSmart technology intelligently manages the flow of power through the power supply, dramatically reducing the amount of energy consumed during normal operation as well as standby and no-load modes.

Since 1998, Power Integrations has sold more than 1.1 billion chips with EcoSmart technology, and has saved consumers and businesses more than an estimated \$1.4 billion on their electricity bills, preventing some 10 million tons of carbon dioxide emissions.

"We are honored that Power Integrations has been chosen to receive an ENERGY STAR award," said Balu Balakrishnan, president and CEO of Power Integrations. "Our EcoSmart products support the goals of ENERGY STAR by making energy efficiency easy and cost-effective for both manufacturers and consumers. We have already saved consumers more than \$1.4 billion on their energy bills, and a substantial portion of those savings have come from products bearing the ENERGY STAR label."

"This award recognizes Power Integrations for its innovative energy-efficiency technology, which is enabling the power electronics industry to deliver efficient solutions for an increasingly diverse range of products used in everyday life," said Andrew Fanara, ENERGY STAR team leader.

Recognized repeatedly for its contributions to reducing energy waste from electronic products, the company was named Grand Champion of Efficiency Challenge 2004, a power-supply design competition sponsored by the U.S. Environmental Protection Agency and the California Energy Commission.

About Power Integrations

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1.4 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at www.powerint.com. For information on global energy-efficiency standards and EcoSmart solutions, visit the Power Integrations Green Room at www.powerint.com/greenroom.

About ENERGY STAR

ENERGY STAR was introduced by the U.S. Environmental Protection Agency in 1992 as a voluntary, market-based partnership to reduce greenhouse-gas emissions through increased energy efficiency. Today, in partnership with the U.S. Department of Energy, the program offers businesses and consumers solutions to save energy, money and help protect the environment for future generations. More than 8,000 organizations are ENERGY STAR partners, committed to improving the energy efficiency of products, homes and businesses. For more information, visit www.energystar.gov.

Company to Be Honored for Reducing Energy Waste from Electronic Products

Power Integrations, Inc. (San Jose, CA; OTC: POWI), the inventor of EcoSmart® energy-efficiency technology, will receive a 2006 Star of Energy Efficiency award from the national Alliance to Save Energy. The only technology company among this year's three corporate honorees, Power Integrations is being recognized for its efforts to reduce electricity waste by improving the efficiency of electronic products. The award will be presented to Balu Balakrishnan, the company's president and CEO, at the Alliance's annual black-tie awards gala tonight in Washington, D.C. The event is being hosted by 50 U.S. Senators and Members of Congress.

Power Integrations' integrated circuits (ICs) with EcoSmart technology are used in power supplies, the devices that convert high-voltage AC power from a wall outlet into the low-voltage DC power needed by most electronic products. EcoSmart technology intelligently manages the flow of power through the power supply, dramatically reducing the amount of energy consumed during normal operation and reducing standby power by up to 97 percent. Standby power, the electricity wasted while electronic products are idle, is estimated to account for up to 10 percent of residential electricity usage.

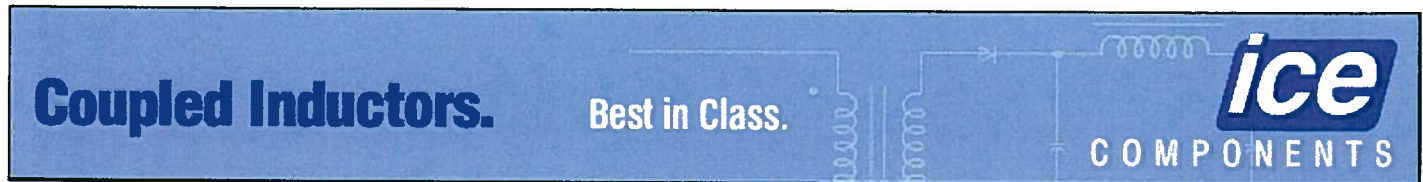
Since 1998, Power Integrations has sold more than 1.1 billion chips with EcoSmart technology, saving consumers and businesses an estimated \$1.8 billion on their electricity bills and preventing some 12 million tons of CO2 emissions. The company's ICs can be found in a wide range of electronic products including consumer electronics, appliances, cellphone chargers, computer equipment and industrial electronics.

"The Alliance is delighted to honor Power Integrations with a 2006 Star of Energy Efficiency award," said Alliance President Kateri Callahan. "Power Integrations' EcoSmart technology is generating well over \$1 million in energy savings each day without any increase in the cost of consumer products and without any change in consumer behavior. EcoSmart technology is a wonderful example of how innovation can help solve our energy issues."

"This award is a tremendous honor for Power Integrations," said Mr. Balakrishnan. "The market success of our EcoSmart technology has proven that energy efficiency can be simple and cost-effective for manufacturers and consumers. We are extremely proud of the benefits that our technology is bringing to consumers and to the environment, and we are very pleased that the Alliance has selected Power Integrations to receive a Star of Energy Efficiency award."

Cherokee International Signs New Age / Kruvand Rep Firm

Cherokee International (Tustin, CA; NASDAQ:CHRK), announced a new representative agreement with New Age / Kruvand of Atlanta, Georgia. New Age / Kruvand will be responsible for selling Cherokee International's power supplies and power consulting services in the southeastern territory of the United States.



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Technology Company To Receive Efficiency Award

Sep 20, 2006 1:21 PM

Power Integrations, the inventor of EcoSmart energy-efficiency technology, has received a 2006 Star of Energy Efficiency award from the national Alliance to Save Energy. The only technology company among this year's three corporate honorees, Power Integrations was recognized for its efforts to reduce electricity waste by improving the efficiency of electronic products.

Power Integrations' integrated circuits (ICs) with EcoSmart technology are used in power supplies. EcoSmart technology intelligently manages the flow of power through the power supply, dramatically reducing the amount of energy consumed during normal operation and reducing standby power by up to 97%. Standby power, the electricity wasted while electronic products are idle, is estimated to account for up to 10% of residential electricity usage.

Since 1998, Power Integrations has sold more than 1.1 billion chips with EcoSmart technology, saving consumers and businesses an estimated \$1.8 billion on their electricity bills and preventing some 12 million tons of CO2 emissions.

Find this article at:

http://www.powerelectronics.com/power_systems/pi-ecosmart-efficiency-award-092006/index.html

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Special Recognition—Excellence in Efficiency Programs



Fort Collins Utilities

Fort Collins, Colorado

For implementing a new residential efficient lighting program built on the ENERGY STAR platform, which combined discounted compact fluorescent light bulbs (CFLs) offered through retailers, torchiere turn-in events, and customer education to promote the benefits of energy-efficient lighting. Although a relatively small municipal utility, Fort Collins Utilities was able to coordinate consumer education, sales training, and buy-down agreements with national chain retailers and manufacturers. Local hardware stores also participated in the CFL portion of the program, offering customers an instant coupon to receive discounts. From October through December 2005, the Fort Collins Utilities program facilitated the sale of 78,000 CFLs.

Special Recognition—Excellence in Product Innovation



Power Integrations, Inc.

San Jose, California

For significantly advancing power supply energy efficiency by developing a cordless phone adapter with 69-percent efficiency; introducing technologies to cost-effectively replace the most inefficient adapters and chargers currently shipped with millions of consumer products that run on 4 watts or less; and taking a leadership role in developing the ENERGY STAR specification for external power supplies.





Power Integrations Named One of Top 30 Companies in Power Electronics

Magazine Recognizes Company's Revolutionary Power Conversion Technologies and Contributions to Fighting Energy Waste

SAN JOSE, Calif. – December 20, 2005 – Power Integrations (Nasdaq: POWI), the leader in high-voltage analog integrated circuits for power conversion, has been named one of the top 30 companies in the power electronics industry by Power Electronics Technology magazine. The list, presented in the magazine's recent 30 th anniversary edition, recognizes the 30 companies that have had the greatest impact on the power electronics industry over the past 30 years.

Power Integrations also appears twice on the magazine's list of 30 key industry milestones from the past 30 years. Included on the list are the 1994 introduction of *TOPSwitch*[®], the industry's first monolithic IC for switched-mode power supplies, as well as the 1998 launch of *TinySwitch*[®], the company's revolutionary switcher IC featuring on/off control. *TOPSwitch* remains the all-time top-selling family of high-voltage power-conversion ICs, with nearly 900 million units sold. *TinySwitch* was the first product family to feature Power Integrations' *EcoSmart*[®] technology, which dramatically reduces standby energy consumption in electronic products. The company has sold more than one billion *EcoSmart* chips, and has now saved consumers more than an estimated \$1.3 billion in electricity costs.

"For nearly two decades, Power Integrations has worked to bring the benefits of integrated circuits to the power supply market," said Balu Balakrishnan, president and CEO of Power Integrations. "Thanks to our technology, power supplies are becoming smaller, simpler, and more energy-efficient, which benefits consumers, manufacturers and the environment. We are proud of our contribution to power electronics, and we are honored that PET magazine has recognized us as one of the industry's top 30 companies."

About Power Integrations

Power Integrations, Inc. is the leader in high-voltage analog integrated circuits for power conversion. The company's breakthrough technology enables compact, energy-efficient power supplies in a wide range of AC-DC and DC-DC applications. For more information, visit Power Integrations' website at www.powerint.com. For information on global energy-efficiency standards and *EcoSmart* solutions, visit the PI Green Room at www.powerint.com/greenroom.



Power Integrations Named One of World's Top 20 Sustainable Stocks

Company Recognized for Energy Savings and Financial Performance

SAN JOSE, Calif. – August 9, 2005 – For the second time in three years, Power Integrations (Nasdaq: POWI), the inventor of EcoSmart[®] energy-efficiency technology, has been named one of the world's top 20 sustainable stocks by SustainableBusiness.com. The annual list, known as the SB20, recognizes companies from around the world that stand out in terms of financial performance as well as their contributions to the sustainability of society. According to the SB20 judges, Power Integrations was recognized for eliminating energy waste without requiring consumers to change their behavior or pay more for energy-efficient products.

Power Integrations' integrated circuits with EcoSmart technology reduce energy waste in a wide range of electronic products, including computers, TVs, DVD players, home appliances, AC adapters and many more. The technology intelligently manages the flow of power into a device, reducing the amount of energy consumed in "standby" mode by as much as 97%, and enabling manufacturers to meet all current and proposed energy-efficiency standards for electronic products.

"Since 1998, Power Integrations has sold more than 800 million EcoSmart chips, saving consumers and businesses more than an estimated \$1 billion on their electricity bills and preventing the release of more than 6 million tons of carbon dioxide emissions," noted Balu Balakrishnan, president and CEO of Power Integrations. "EcoSmart technology makes products energy-efficient without increasing their cost. This is good for consumers, manufacturers, and the environment, and it has proven to be good for our stockholders as well."

First named to the SB20 list in 2003, Power Integrations has been recognized repeatedly for its contributions to reducing energy waste from electronic products. Earlier this year the company was named champion of Efficiency Challenge, a power-supply design competition sponsored by the U.S. Environmental Protection Agency and the California Energy Commission. In 2004, analogZONE awarded the company Product of the Year honors for its highly efficient DAK-32 reference design for power supplies used in DVD players and other consumer electronics. In 1999, the company received the Discover Award for Technological Innovation for the environmental benefits of its EcoSmart technology.

About Power Integrations

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough integrated-circuit technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1 billion on their electricity bills since its introduction in 1998. For more information, visit the company's Web site at www.powerint.com. For information on global energy-efficiency standards and EcoSmart solutions, visit the Power Integrations Green Room at www.powerint.com/greenroom.



Power Integrations Named Winner of Efficiency Challenge 2004

U.S. EPA and California Energy Commission Present Top Award for Power Supply Utilizing LinkSwitch®; Integrated Circuits with EcoSmart®; Technology

AUSTIN, Texas – March 7, 2005 – Power Integrations, Inc. (Nasdaq: POWI), the leading supplier of high-voltage analog integrated circuits used in power conversion, today was named Grand Champion in its category of Efficiency Challenge 2004, an international design competition for power supply efficiency. The contest, sponsored by the U.S. Environmental Protection Agency and the California Energy Commission, showcases highly efficient power supply technologies for consumer electronics. The award will be presented to Power Integrations president and CEO Balu Balakrishnan today at the plenary session of the Applied Power Electronics Conference (APEC) in Austin.

The winning design, an energy-efficient adapter for a cordless telephone, was judged the top entry in the "market ready" category of the competition, in which practical factors such as cost and packaging were considered in addition to energy efficiency. The design utilizes Power Integrations' LinkSwitch family of integrated circuits, which are ideally suited for use in low-power applications such as cordless phones, cell phones, consumer appliances and many industrial applications.

The winning design will enable manufacturers to comply with the recently launched ENERGY STAR specification for cordless phones, as well as the mandatory standards recently placed on external adapters by the California Energy Commission. Complete documentation on the winning design, including application notes, engineering reports and data sheets, can be found on the Reference Designs page of the Power Integrations Web site at www.powerint.com/dak.htm (DAK-16A).

"I am delighted that the U.S. Environmental Protection Agency and the California Energy Commission have selected Power Integrations as Grand Champion of Efficiency Challenge 2004," said Balu Balakrishnan, president and CEO of Power Integrations. "It is particularly significant that the winning design is for the cordless phone market, where inefficient linear transformers are still the predominant power supply technology. This award validates the fact that a cost-effective, efficient alternative to these 'energy vampires' is available and ready for market."

According to Ecos Consulting, portable telephones are one of the biggest opportunities for external power supply savings in the U.S. market.

"Average efficiency levels for conventional products in this category usually range between 30 percent and 55 percent," said Chris Calwell, research and policy director for Ecos Consulting and an Efficiency Challenge judge. "For the Power Integrations team to achieve an average efficiency of 69 percent is quite remarkable. If all U.S. phones had a power supply as efficient as this model, the nation could save 1.5 billion kWh per year. This would prevent the release of a million tons of carbon dioxide into the atmosphere, and save consumers one hundred million dollars on their utility bills. We congratulate Power Integrations for its exemplary power supply design."

Power Integrations has been recognized repeatedly for its contributions to improving the energy efficiency of electronic products. The company was awarded the 1999 Discover Award for Technological Innovation for the environmental benefits of its energy-saving TinySwitch family of integrated circuits, the first of the company's products to incorporate EcoSmart technology. In 2001, CEO Balu Balakrishnan demonstrated EcoSmart technology for President Bush and Secretary of Energy Spencer Abraham. In 2003, the company was named one of the top 20 sustainable stocks by SustainableBusiness.com for its standout performance in terms of both sustainability and financial strength.

About Power Integrations

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough integrated-circuit technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart® energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$900 million on their electricity bills since its introduction in 1998. For more information, visit the company's Web site at www.powerint.com. For information on global energy-efficiency standards and EcoSmart solutions, visit the Power Integrations Green Room at www.powerint.com/greenroom.

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Efficient Power Supply Design Competition Winners Announced at APEC

*Power supply manufacturers and university teams respond to
Efficiency Challenge 2004 with exemplary designs*

Applied Power Electronics Conference (APEC) – Austin, Texas – March 7, 2005 – The U.S.

Environmental Protection Agency (EPA) and the California Energy Commission will announce the winners of Efficiency Challenge 2004, an international design competition for power supply efficiency, at APEC's Monday plenary session. Power Integrations will be awarded Grand Champion in the Market Ready Category and the Hong Kong Polytechnic University will be awarded Grand Champion in the Open Category. The winning entries are more energy efficient, and in many cases radically smaller, than typical power supplies on the market today, demonstrating what is possible in future consumer electronics products.

The *Market Ready Category* covers internal and external designs that can cost-effectively save energy in particular types of consumer electronics products. The *Open Category* showcases the most efficient power supply designs from industry and academia without cost or packaging constraints. Entries were received from companies and universities in the United States, Taiwan and Hong Kong. All winners are listed below along with the product types the units are intended to power.

Category	Award	Organization	Type of Product Powered
Market Ready	Grand Champion	Power Integrations	Cordless phone
Market Ready	Best in Class A1	Power Integrations	Cordless phone
Market Ready	Best in Class A	AcBel Polytech, Inc.	Desktop computer
Market Ready	Best in Class D2	AcBel Polytech, Inc.	Laptop Computer
Open	Grand Champion	The Hong Kong Polytechnic University	Stand alone battery charger
Open	Best in Class A2	The Hong Kong Polytechnic University	Stand alone battery charger
Open	Best in Class A1	The University of Illinois	Cordless vacuum, stand alone AA battery charger
Open	Best in Class B2	The Hong Kong Polytechnic University	Cordless phone
Open	Best in Class C2	Dartmouth College	Office phone, computer peripheral
Open	Best in Class D1	National Taiwan University of Science and Technology	LCD Monitor
Open	Best in Class D2	Texas A&M Lite-On Technology Corporation	Laptop computer, all-in-one small form factor desktop
Open	Honorable Mention	BIAS Power Technology, Inc.	Substitute for car-type charger

-more-

Efficiency Challenge Winners Announced at APEC 2005

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When the contest was first announced at APEC 2004, the intent was to showcase highly efficient technologies and foster their success in the marketplace. Since then, the Energy Commission passed mandatory standards in December 2004 and the EPA's ENERGY STAR® program launched a voluntary labeling specification in January 2005 – both for external power supplies. Most of the winning entries not only meet those programs' requirements, but also go well beyond them, cutting energy bills for the devices they power. More than 3.1 billion power supplies are currently in use in the United States, consuming about 3 percent to 4 percent of the nation's electricity bill. More efficient designs could cut total U.S. electricity use by 1 percent to 2 percent, saving \$2.5 billion to \$5 billion per year, according to research by Ecos Consulting.

"The vision for Efficiency Challenge was to achieve dramatic improvements in the energy efficiency of the most widely purchased types of power supplies," said Art Rosenfeld, California Energy Commissioner and presiding member of its research and development committee. "We congratulate the winners in the Market Ready Category for leading their industry, and applaud the winners in the Open Category for demonstrating what is possible in the future."

"EPA invested in Efficiency Challenge to encourage power supply innovations that will lead to more energy-efficient ENERGY STAR consumer and office electronic products," said Andrew Fanara of the EPA's ENERGY STAR program, who unveiled the ENERGY STAR specification for energy-efficient external power supplies on Jan. 6. "These more energy-efficient designs will save energy and money while also helping to combat the risk of global warming."

Efficiency Challenge 2004 also marked an unusual collaboration between industry and government. The Power Sources Manufacturers Association (PSMA) endorsed the contest, and several companies from the industry provided key support:

- ON Semiconductor (Nasdaq: ONNN) provided technical assistance and sample parts to university teams submitting entries, as well as financial awards totaling \$8,500 for winning submissions (see www.onsemi.com).
- Yokogawa served as the official metering sponsor, providing its WT1600 six-channel digital power meter for testing entries.
- Intel, Sony and Pace Micro served as Industry Champions for the competition, providing suggested form factors, loading guidelines and other market-relevant design constraints for several internal power supply categories.

-more-

Efficiency Challenge Winners Announced at APEC 2005

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Power supplies are devices that convert incoming AC (alternating current) power from wall outlets into low voltage DC (direct current) power needed for numerous consumer and office electronic products, such as cellular and cordless phones, computers, televisions, etc. The EPA's ENERGY STAR program and the Energy Commission's Public Interest Energy Research (PIER) program have identified AC-DC power supplies as a major opportunity for reducing global energy consumption and greenhouse gas emissions.

Highly efficient power supplies offer powerful advantages to consumers. They tend to be much smaller and lighter than typical power supplies, increasing portability and convenience. They produce very little waste heat as well, so rarely require noisy cooling fans. EPA estimates that efficient external power supplies alone could save the United States 5 billion kWh per year, equivalent to preventing the emissions of 700,000 cars.

Visit <http://www.efficientpowersupplies.org/competition.html> for more information on power supply efficiency or to download the complete Efficiency Challenge 2004 press kit. Visit www.energystar.gov/powersupplies for more information about the ENERGY STAR external power supply specification, and http://www.energy.ca.gov/releases/2004_releases/2004-12-15_appliances.html to learn more about the California Energy Commission's external power supply standard.

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Power Integrations to Participate in Seventh Annual Congressional Renewable Energy and Energy Efficiency Caucus

EcoSmart® Technology Now Estimated to Be Reducing Electricity Bills by More Than \$1 Million Per Day

SAN JOSE, Calif. - September 1, 2004 - Power Integrations, Inc. (NASDAQ: POWI), the leading supplier of high-voltage analog integrated circuits used in power conversion and the inventor of EcoSmart® energy-efficiency technology, announced today that it has been selected to participate in the Seventh Annual Congressional Renewable Energy and Energy Efficiency Caucus (EXPO). The event is to be held on Tuesday, September 7, 2004 at the Cannon House Office Building in Washington, D.C. Power Integrations will exhibit its EcoSmart semiconductor technology, which dramatically reduces the amount of electricity consumed by many common household and industrial products.

Many electronic products continue to consume electricity even when turned "off." This so-called "standby" energy waste is due to inefficiency in the power supplies that convert electricity from a wall outlet to the type of power needed by the device. Standby energy waste occurs in such common products as DVD players, TV set-top boxes, cordless phones, home appliances, and battery chargers for portable electronic devices such as cell phones. Lawrence Berkeley National Laboratory estimates that more than 10 percent of residential electricity use is wasted on standby power.

EcoSmart technology virtually eliminates standby power waste by dramatically reducing the flow of electricity into a device when it enters standby mode (such as when a television set is turned off by remote control). Since the introduction of EcoSmart in 1998, manufacturers have built more than a billion electronic devices using power supplies with EcoSmart integrated circuits. As a result, consumers and businesses worldwide are saving at an estimated rate of more than \$1 million per day in electricity costs, and carbon dioxide emissions are being reduced by millions of tons per year.

"As the number of power-hungry electronic products continues to grow, it is becoming increasingly important to reduce the amount of energy wasted by outdated, inefficient power supplies," said Balu Balakrishnan, president and CEO of Power Integrations. "Our EcoSmart technology is a simple, cost-effective way for manufacturers to offer advanced, feature-rich electronics while saving consumers and nations the high cost of wasted energy."

Power Integrations was awarded the 1999 Discover Award for Technological Innovation for the environmental benefits of its energy-saving TinySwitch family of integrated circuits, the first of the company's products to incorporate EcoSmart technology.

In June 2001, Balakrishnan demonstrated EcoSmart technology at the White House for President Bush and Secretary of Energy Spencer Abraham. The following month, President Bush issued an executive order requiring all federal government purchases of electronic devices to comply with a one-watt standby requirement. Power Integrations' integrated circuits with EcoSmart allow manufacturers to build products that cost-effectively meet this one-watt requirement and comply with all other current and proposed standards aimed at reducing energy waste.

Details on the EXPO

The Seventh Annual Congressional Renewable Energy and Energy Efficiency Caucus will bring together more than 50 companies from across the United States representing more than two-dozen renewable-energy and energy-efficiency technologies. Power Integrations is the only semiconductor company scheduled to participate. The EXPO is co-sponsored by the members of the Sustainable Energy Coalition and the House and Senate Renewable Energy and Energy Efficiency Caucuses. The event was previously scheduled to take place in June, but was postponed due to the death of President Reagan.

The EXPO will be held from 11:00 a.m. to 6:30 p.m. on Tuesday, September 7, 2004 in the Caucus Room - Room 345 of the Cannon House Office Building, U.S. House of Representatives, 1st Street & Independence Avenue, S.E.; Washington, D.C. The EXPO is free-of-charge and open to the public; no reservations or RSVPs are required. For further information on the EXPO, interested parties may contact Ken Bossong, coordinator, Sustainable Energy Coalition, at 202-293-2898, ext.201 or kbossong@hotmail.com.

About Power Integrations

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Power Integrations to Participate in Seventh Annual Congressional Renewable Energy and Energy Efficiency Caucus

EcoSmart(R) Technology Now Estimated to Be Reducing Electricity Bills
by More Than \$1 Million Per Day

SAN JOSE, Calif., Sept. 1 /PRNewswire-FirstCall/ -- Power Integrations, Inc. (Nasdaq: [POWI](#)), the leading supplier of high-voltage analog integrated circuits used in power conversion and the inventor of EcoSmart(R) energy-efficiency technology, announced today that it has been selected to participate in the Seventh Annual Congressional Renewable Energy and Energy Efficiency Caucus (EXPO). The event is to be held on Tuesday, September 7, 2004 at the Cannon House Office Building in Washington, D.C. Power Integrations will exhibit its EcoSmart semiconductor technology, which dramatically reduces the amount of electricity consumed by many common household and industrial products.

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Power Integrations Awarded 'Product of the Year' in 'Green' Technology

'Best Power Supply Design' Award from analogZONE Recognizes Tool for Speedy Design of 'Green' Power Supplies

SAN JOSE, Calif. - March 9, 2004 - Power Integrations (NASDAQ: POWI), a pioneer of semiconductors for energy efficient power conversion and the inventor of EcoSmart® technology, announced today that it was awarded 'Product of the Year' honors by the engineering webzine analogZONE. The award named Power Integrations' Design Accelerator Kit (DAK-32) "Best Power Supply Design" and ranked the power supply as "best of the best" for 2003. The DAK-32 is the company's reference design for multiple output 30 watt power supplies with sub-1W standby power consumption.

"Power Integrations impressed me because they combined practical design with environmental responsibility," said analogZONE's Senior Editor Lee Goldberg. "They've created a highly cost-effective product that enables power supplies to dramatically reduce energy waste and meet sub-1 watt standby power requirements. Power Integrations has offered the components to build innovative "green" power supplies for several years, but their new evaluation kit accelerates the design process by offering a functional prototype to work with at the start of the design and evaluation process."

Best Power Supply Design

Power Integrations' Design Accelerator Kit (DAK-32) is used by designers of power supplies for applications such as DVD players/recorders and set-top boxes. The DAK-32 features a cost effective, energy efficient power supply reference design that easily meets the low one-watt standby input power consumption level sought by an increasing number of manufacturers and delivers enough peak power to start motors and spin up drives found in DVD players and recorders.

The DAK-32 also enables extremely low no-load power consumption for products that are plugged in but not in operation. The DAK-32 is the latest addition to a growing suite of application-oriented power supply design tools from Power Integrations. It contains a tested 20 W (25 W peak) universal input AC-DC power supply, PI Expert™ design software, TOPSwitch®-GX power conversion IC samples, and extensive design collateral. In standby mode, the multiple output supply draws less than one watt of input power at 230 VAC while supplying 0.5 W to its load.

Power Integrations has created a 'Green Room' on its Web Site where designers can easily obtain reference designs and other design assistance to meet all current and proposed energy regulations globally. Power Integrations' EcoSmart integrated circuits have saved consumers nearly \$500 million in energy costs to date. The Green Room can be found at www.powerint.com/greenroom.

Paul McGoldrick, editor-in-chief, and Lee Goldberg, senior editor of analogZONE, selected Product of the Year award winners, with emphasis on performance, anticipated market success, and likely contribution to the field of analog engineering and product design. The analogZONE Product of the Year Award Winners, along with the editors' reviews of the winning products, can be viewed at www.analogzone.com.

About analogZONE

Found online at www.analogzone.com, analogZONE offers timely content tailored to the needs of design engineers specializing in analog applications. Regular weekly features include product reviews, technical notes, guest articles, and news items. The publication has a reputation for incisive product understanding as well as a broad worldwide readership.

About Power Integrations

Power Integrations is a leading supplier of high-voltage analog integrated circuits for use in AC to DC and DC to DC power conversion. For more information, contact the company at 5245 Hellyer Avenue, San Jose, California 95138, (408) 414-9665 or visit the company's web site at www.powerint.com. For information on meeting energy regulations, visit Power Integrations' Green Room at www.powerint.com/greenroom.

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EN-Genius
NETWORK
Product of The Year

Power Integrations Says....

Saving The World, One Watt At A Time - Power Integrations DVD/Set-Top Box Power Supply Reference Design Enables 1-Watt Standby
No Heatsink Required in New, Low Cost Power Supply Design Built With Company's New 30 Watt Power Conversion IC

Power Integrations, whose energy efficient EcoSmart ICs enable consumer electronics manufacturers to meet tightening energy efficiency guidelines for standby and no-load operating conditions, announced today the availability of a new Design Accelerator Kit (DAK-32) for applications such as DVD players/recorders and set-top boxes. The DAK-32 features a cost effective, energy efficient 20 W power supply reference design that easily meets a one-watt standby input power consumption and delivers enough peak power to start motors and spin up drives found in DVD players and recorders.

"This is one more step in Power Integrations' ongoing strategy to use our EcoSmart energy efficient technology and our technical design support capability to enable extremely low no-load and standby power consumption," said Dan Selleck, Vice President of Marketing for Power Integrations. "As a result, manufacturers can meet all current and proposed worldwide energy efficiency guidelines for consumer electronic products."

The DAK-32 is the latest addition to a growing suite of application-oriented power supply design tools from the company. It contains a tested 20 W (25 W peak) universal input AC-DC power supply, PI Expert) design software, TOPSwitch-GX power conversion IC samples, and extensive design collateral. In standby mode, the multiple output supply draws less than one watt of input power at 230 VAC while supplying 0.5 W to its load.

The reference design uses a new member of the company's TOPSwitch-GX IC family, the TOP245P, in a 7 pin DIP package capable of delivering up to 30 W of continuous power without requiring a heatsink. By eliminating the heatsink, power supply designers can benefit from a lower system cost and greater reliability. Other high performance features of the TOP245P include a high-voltage power MOSFET with PWM control, fault protection and other control circuitry integrated onto a single CMOS chip, built-in soft-start, 132 kHz switching frequency (automatically reduced at light load), frequency jittering for low EMI, wide maximum duty cycle, and hysteretic thermal shutdown.

EN-Genius Says...

Since current estimates place standby power accounting for as much as 8% of domestic electricity consumption (I actually think it's more because



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of all the computers and printers) in the average home, we could make a significant dent in our consumption of fossil fuels used to make electricity if all electronic products adopted this technology. Heck -- we could probably come close to meeting the Kyoto Accords for carbon emission reduction with the adoption of this one technology.

But there is a less altruistic reason to take a close look at what Power Integrations has to offer: Sub-1 W standby power requirements about to be imposed by Japan, and many European countries will make it difficult or impossible to sell products that don't have the required power supplies.

But while using power supplies that offer sub-1 W standby consumption makes sense from an environmental perspective, many companies have been slow to adopt the technology. While some of this is attributable to simple inertia, much of the trouble is that traditional switching supplies have great efficiency at their rated loads, but it's really tough to keep them from hogging 10 W or more for themselves when asked to supply the tiny amounts of standby power required to keep your TV's remote control electronics active or to blink the "12:00" on your DVD player.

Now Power Integrations is out to change this with their new reference design that will let you develop a "green" 1-W standby power supply for your next application. They have offered the components (and reference designs) to build innovative "green" power supplies for several years, but their new evaluation kit accelerates your design process by giving you a "live" prototype to work with from the get-go.

From the looks of the development kit, you won't have to be an analog genius or a switching supply guru to quickly spec out and test a power supply that can cut your BOM and take a bite out of Global warming at the same time. The other nice thing is that their design makes it easy to include advanced features such as soft start (to protect delicate ICs from surges), frequency jittering for low EMI, a wide maximum duty cycle, and hysteretic thermal shutdown. Getting rid of the bulky, expensive heat sink found in many conventional supplies may also help you make your product more competitive.

The bottom line is that for 45 bucks and a day or two of time, you can be well on the way to putting a globally-compliant power supply into your next design. Power Integrations is to be congratulated on producing a product that should put green back into your bottom line as well as the planet.

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Power Integrations Selected as One of The World's Top 20 Sustainable Stocks

Only Silicon Valley Company to Make List

SAN JOSE, Calif. - August 14, 2003 - Power Integrations, Inc. (NASDAQ:POWI), inventor of EcoSmart® technology for energy efficient integrated circuits used in power conversion, announced today that it has been selected as one of SustainableBusiness.com's Top 20 Sustainable Stocks, also known as the "SB20." To choose the 20 companies that make up the list, SustainableBusiness.com asked five leading investment advisors to recommend companies that stand out as world leaders in terms of both sustainability and financial strength.

"Our goal is to create a list that showcases the top companies leading the way to a sustainable society," said Dr. Rona Fried, chief executive officer of SustainableBusiness.com and editor of The Progressive Investor, where the list was announced. "Power Integrations is on our list because its energy-saving products are essential to a sustainable society. Their products reduce power consumption saving huge amounts of energy, thereby reducing the need to build additional power generating facilities, reducing our dependence on oil and reducing pollution."

It is estimated that consumers spend nearly 10 percent of their electric bill on energy wasted by appliances and electronics that are plugged in, but performing little or no useful function. Power Integrations' energy efficient EcoSmart-based integrated circuits, which are used in power supplies that run these products, intelligently monitor the appliance's need for power and can often cut the waste by more than 90 percent.

"The days of the inefficient 'energy-sucking vampire' power supplies are numbered. We are confident that our energy-friendly chips can help lead to a more sustainable future," said Balu Balakrishnan, president and chief executive officer of Power Integrations. "As more appliance and electronics manufacturers select our EcoSmart-based integrated circuits, consumers will save money and we will all benefit from a cleaner environment."

"Our chips meet all current and proposed energy efficiency requirements for power supplies worldwide. We believe that our ability to help manufacturers cost effectively meet these evolving stringent requirements will be an increasing factor in our financial and market success in the coming years," said Balakrishnan.

The judges used three primary criteria to select this year's winners: companies that demonstrate a clear understanding and commitment to sustainable business practices, have an outstanding record of employee and community relations, and create a product line that is integral to the transition to a sustainable society. The companies that made the SB20 list also had to show exceptional leadership and strong financial performance.

The SB20 judges are advisors of leading firms dedicated to socially responsible investing, including Eric Becker, vice president and portfolio manager, Trillium Asset Management; Terry Foecke, principal, Materials Productivity; Carsten Henningsen, co-founder and principal, Portfolio 21; Patrick McVeigh, vice president, investment research, Lowell, Blake & Associates; and Jack Robinson, managing director, Winslow Management Co.

The Progressive Investor is a monthly financial newsletter published by SustainableBusiness.com. Each issue draws on a group of world-class sustainable investment analysts for their insights and opinions on viable investments in the "green" business sector. For more information on the SB20, visit: <http://www.sustainablebusiness.com/progressiveinvestor/index.cfm>

About Power Integrations

Power Integrations, Inc. is a leading supplier of high-voltage analog integrated circuits for use in AC to DC and DC to DC power conversion. For more information, visit the company's web site at: www.powerint.com or contact the company at 5245 Hellyer Ave., San Jose, Calif. 95138; (408) 414-9200.

Safe Harbor Statement

This press release contains forward-looking statements, which reflect management's current forecast of the company's future business and financial performance. These forward-looking statements are based on current information, which we have assessed, but which by its nature, is subject to rapid and even abrupt changes. Forward-looking statements are denoted by the use of such words and phrases as, "expect", "believe" and similar words and phrases that look toward future events or performance. The company's actual results could differ materially from those projected or implied by our forward-looking statements due to risks and uncertainties associated with the company's business. These risks include, but are not limited to, changes and shifts in customer demand away from products that integrate the company's ICs to products that do not; our

ability to maintain and establish strategic relationships; the effects of competition; the risks inherent in the development and delivery of complex technologies; our ability to attract, retain and motivate qualified personnel; the emergence of new markets for our products and services; our ability to compete in those markets based on timeliness, cost and market demand; and our limited financial resources. In addition, new product introductions are subject to the risks and uncertainties that typically accompany development and delivery of complex technologies to the market place, including product development delays and defects. We more fully discuss these and other risk factors in the company's most recent report on Form 10-K filed with the Securities and Exchange Commission on March 21, 2003. The company is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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Power Integrations Receives Product of the Year Award From Electronic Products Magazine

LinkSwitch(R) Power Conversion IC Honored for Achieving Superior Price/Performance While Reducing Power Supply Size and Energy Waste

SAN JOSE, Calif., Jan. 22 /PRNewswire-FirstCall/ --

Power Integrations, Inc. (Nasdaq: **POWI**), announced today that the editors of Electronic Products magazine have chosen the company's LinkSwitch high-voltage power conversion integrated circuit as a winner in the magazine's 27th Annual Product of the Year awards. The selection is based on significant advances in technology or its application, innovative design, or a substantial achievement in price/performance.

Introduced in September 2002, LinkSwitch is a revolutionary primary side control switching power supply IC that cost-effectively replaces inefficient older technology linear transformer designs in adapters and battery chargers rated at 3 W and below. The product, which derives its name from the phrase "Linear Killer Switch," is the industry's first highly integrated high-voltage power conversion IC designed specifically to displace low power linear transformers by delivering switcher benefits -- smaller size, lighter weight, superior performance and energy efficiency -- at equal or lower system cost.

With as few as fourteen components, the LNK501 enables a fault protected, universal input (85 VAC to 265 VAC), constant voltage, constant current (CV/CC) output switching power supply that meets worldwide energy efficiency standards. The LNK501 is available in both through-hole and surface mount DIP packages. Complete technical information on the LinkSwitch product family, including a design accelerator kit (DAK-16) with a fully functional power supply prototype board, can be found at the company's website at <http://www.powerint.com>.

Electronic Products magazine is a Hearst Business Communications, Inc., publication that highlights new product technology for electronic design engineers. Their website is <http://www.electronicproducts.com>.

Power Integrations, Inc. is a leading supplier of high-voltage analog integrated circuits for use in power conversion. For more information, contact the company at 5245 Hellyer Avenue, San Jose, California 95138, PH: 408-414-9200 or visit the company's website at <http://www.powerint.com>.

Safe Harbor Statement

This press release contains forward-looking statements which reflect management's current forecast of certain aspects of the Company's future business. These forward-looking statements are based on current information which we have assessed, but which by its nature, is subject to rapid and even abrupt changes. Forward looking statements are denoted by the use of such words and phrases as "will," "expects," "believe," and similar words and phrases that look toward future events or performance. The Company's actual results could differ materially from those projected or implied by our forward looking statements due to risks and uncertainties associated with the

Company's business. These include, but are not limited to, changes and shifts in customer demand away from products which integrate the Company's ICs to products which do not; the lengthy sales cycle for the Company's products which often results in the Company incurring substantial expenses before the Company generates significant revenues, if any, from the sale of a new product or even before a customer, if any, decides to use the new product in any of its products; and the associated risk that the customer's product in which the Company's new product is used will not be commercially successful due to a variety of factors including cost relative to competitive products at the time the customer's product enters the market. Other factors include, but are not limited to, our ability to maintain and establish strategic relationships; the risks inherent in the development and delivery of complex technologies; our ability to attract, retain and motivate qualified personnel; the emergence of new markets for our products and services, and our ability to compete in those markets based on timeliness, cost and market demand; and our limited financial resources. We more fully discuss these and other risk factors in the Company's most recent reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission.

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HEARST Electronic PRODUCTS

27th Annual Product of the Year Awards

From the thousands of products introduced in 2002, the editors of **Electronic Products** have chosen the most outstanding. The selections are based on significant advances in technology or its application, a decided innovation in design, or a substantial gain in price-performance. As usual, picking winners was made difficult by the many impressive products announced during the year. Here, then, are the 2002 award winners.

<u>Perspecta spatial 3-D platform</u> Actuality Systems Burlington, MA	<u>O-Core toroidal transformer core</u> Alpha-Core Bridgeport, CT	<u>iMEMS ADXRS150 gyroscope IC</u> Analog Devices Wilmington, MA
<u>MIPO In-Circuit Reconfigurable Oscillator</u> Cardinal Components Wayne, NJ	<u>MegaBright UV LED</u> Cree Durham, NC	<u>DPLED1602 OLED display</u> Densitron Santa Fe Springs, CA
<u>B75194 and B75196 Series niobium chip capacitors</u> EPCOS Iselin, NJ	<u>DirectFET MOSFET</u> International Rectifier El Segundo, CA	<u>Model 6487 picoammeter/voltage source</u> Keithley Instruments Cleveland, OH
<u>Wire-Free Electricity Base</u> MobileWise Los Altos, CA	<u>Nitron HC08 Q-Series Microcontrollers</u> Motorola Semiconductor Austin, TX	<u>LinkSwitch LNK501 AC/DC Converter IC</u> Power Integrations San Jose, CA

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ElectronicsChemical

Manufacturer/Company	Description	Price
Allegro	WE BUILT YOUR BUTT AND TELECOM	10
Analog	SMITHIES	10
Analog	DESIGNS, SWITCHES AND CONTROL	10
Analog	CAT AC/DC	10
Analog	LOW COST FULL SCALE PUBLICATION	10
Analog	ANALOGICAL OF TRANSDUCERS, SENSORS & TRANSFORMERS	10
Analog	CATACUS OF THERMOELECTRIC PRODUCE	10

Send this information to an e-mail (Electronic Products) or print it.

AC/DC Semiconductor

Manufacturer/Company	Description	Price
Analog	AC/DC BATTERY DESIGN OF LOW SPEED/EMI	10

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HEARST ELECTRONICS GROUP

<u>PointCharger</u> <u>SE4100 GPS</u> <u>receiver IC</u> SiGe Semiconductor Ottawa, Ontario, Canada	<u>SSR05C60</u> <u>Series SiC</u> <u>power Schottky</u> <u>diodes</u> Solid State Devices La Mirada, CA	<u>DiamondShield</u> <u>fiberglassenclosures</u> Stahlin Belding, MI
<u>TSL2550</u> <u>ambient-light</u> <u>sensor</u> Texas Advanced Optoelectronic Solutions Plano, TX	<u>910D Series</u> <u>niobium</u> <u>capacitors</u> Vishay Intertechnology Malvern, PA	<u>WISMO Pac GSM/</u> <u>GPRS module</u> Wavecom San Diego, CA

Ac/dc converter IC delivers switcher benefits at linear cost

Used to power portable and handheld electronics of all types, ac adapters--or "wall warts"--have traditionally been based on inexpensive linear transformer-based power supplies. While switching supplies offer significant size, weight, and efficiency advantages over linears in this application, until now they have not been as cost effective.

The LinkSwitch LNK501 high-voltage ac/dc converter IC (see *Electronic Products*, Nov. 2002, p. 53) is designed specifically to replace low-power transformer "bricks" at 0 to 3-W output. Cheap to produce, the universal input part delivers switcher benefits--smallest size, lightest weight, superior performance--at equal or lower system cost.



Power Integrations' **LinkSwitch LNK501 ac/dc converter IC**

The IC's primary high-side placement halves the number of components (requires only 14

components) in a typical switcher by combining the primary clamp, IC supply, and feedback. The chip includes a 700-V MOSFET, PWM controller, start up, current limiting, and thermal shutdown. (From \$0.50 ea/10,000--4 weeks ARO.)

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Picoammeter/voltage-source combo fills cost/performance void

There is an expanding need in the life cycle of modern materials and devices for instruments that provide low dc measurement along with stimulation by a voltage source. For example, creating I/V curves for characterization of semiconductors and LEDs, or verifying insulation resistance in pc-board materials requires dedicated scientific instruments.

Electrometers, tera-ohmmeters, and other highly sensitive dedicated instruments offer solutions, but are complex, expensive, and not suitable for industrial environments or fieldwork. In an environment of very low power, super high speed, and closely packed architectures, the Model 6487 picoammeter-voltage source provides a significant cost/performance improvement over separate dedicated instruments.



Keithley Instruments' Model 6487, picoammeter-voltage source

Combining current sensitivity near that of an electrometer with the ease of use and pricing comparable to a high-performance DMM, the meter provides voltages as high as 500 V and can measure currents as low as 20 fA. The 5-1/2-digit instrument's voltage burden of less than 200 μ V allows for highly accurate measurements in circuits with low source voltages.



Power Integrations Selected as Finalist in 1999 Discover Awards for Technological Innovation

TinySwitch(TM) Chosen for Significant Environmental Benefits

SUNNYVALE, CALIF. - April 29, 1999 -- Power Integrations, Inc. (Nasdaq: POWI - news), a leading provider of high-voltage power conversion integrated circuits (ICs), announces that its energy-efficient TinySwitch IC is a finalist in the 1999 Discover Magazine Awards for Technological Innovation. The Discover awards honor inventors whose creativity improves the quality of everyday life.

TinySwitch is one of 27 technologies the selection panel chose as making a revolutionary impact on society. With TinySwitch, popular electronics such as TVs, VCRs, PCs and cellular phones can utilize a new class of lightweight, compact, energy-efficient power supplies. TinySwitch solves the problem of energy leakage which occurs when equipment is not in use yet still continues to draw power.

"TinySwitch provides a unique solution to a global problem that costs billions of dollars annually in energy waste and air pollution," said Howard Earhart, president and CEO of Power Integrations, Inc. "We are delighted that our VP of Engineering and New Business Development, Balu Balakrishnan, has been recognized for developing a product that not only enables a lower cost, higher performance power supply, but also benefits the environment."

About Power Integrations, Inc.

Power Integrations, Inc. is a leading supplier of high-voltage analog integrated circuits for use in AC to DC power conversion. For more information, visit the company's web site at www.powerint.com or contact the company at 477 North Mathilda Ave., Sunnyvale, Calif. 94086; (408) 523-9200.

About Discover

Discover is the country's leading general-interest science magazine. Each month, Discover reaches 7 million new-generation thought leaders who want to understand science's ever-broadening impact on all areas of life. For more information, visit Discover's home page at www.discover.com.

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ENVIRONMENT

1999 DISCOVER AWARDS

Energy Drain Plug



Balu Balakrishnan hunts vampires—not the type skulking in the woods of Transylvania but the kind hiding in your television. He's after energy vampires in cable TV boxes, VCRs, and the like, which suck billions of watts from

wall outlets even when the appliances are off. A trickle of energy keeps them ready for the moment you hit the remote.

Studies at Lawrence Berkeley Laboratory indicate that 5 billion watts of energy—roughly the amount produced by five power plants—leak from appliances in U.S. homes every year. Cable TV boxes are the worst offenders, guzzling about 21 watts of electricity when on—and almost 20 when turned off. TVs consume about 60 watts when on and 5 to 10 watts when off. No-load devices, like a charger base separated from its cordless phone, also waste energy.

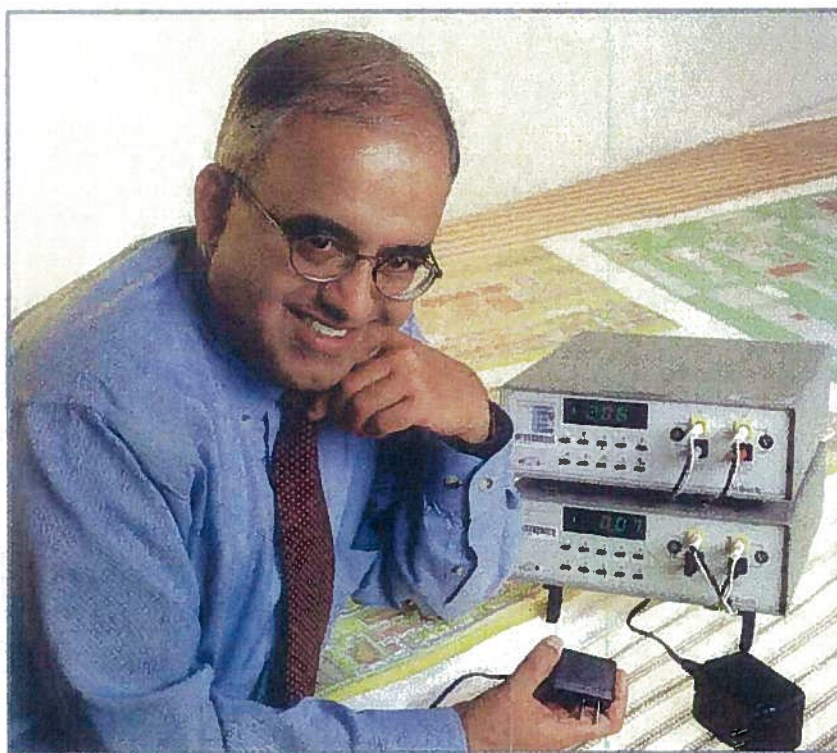
Balakrishnan, vice president of engi-

neering at Power Integrations in Sunnyvale, California, and his colleagues have crafted a high-tech wooden stake called the TinySwitch, to slay these vampires.

WINNER

The power-supply chip can cut the electricity used by sleeping appliances up to 90 percent. "It's a little change, but it has a big impact on energy efficiency," Balakrishnan says.

He estimates that TinySwitch could cut an average consumer's electric bill by \$45 a year and eliminate 18 tons of carbon dioxide produced by generating plants. The TinySwitch, introduced last September, costs power-supply manufacturers less than a dollar each.



WINNER: BALU BALAKRISHNAN OF POWER INTEGRATIONS. HIS TINYSWITCH SHOULD LEAD TO BIG SAVINGS IN WASTED ELECTRICITY—AND MONEY.

FINALISTS

Automobile Alchemy
INNOVATOR: NANCY HO,
Purdue University

With the mind of a molecular geneticist and the heart of a moonshiner, Nancy Ho has been running stills in her Purdue lab for 15 years, trying to unlock more ethyl alcohol from cornstalks and wood chips. Finally, she hit on a **genetically engineered yeast** that can cheaply ferment nature's leftovers into ethanol.

Ho's modified yeasts have extra genes that enable them to break down xylose, a common plant sugar. The end product is a promising renewable, clean-burning fuel that could someday replace gasoline.

Acid vs. Asbestos
INNOVATORS: DAVID MYERS,
W. R. Grace & Company,
LEON PETRAKIS, Brookhaven
National Laboratory

For years the only ways to eliminate asbestos from homes and buildings have been to rip out the carcinogenic material or seal off areas where it had been installed. Chemists led by David Myers and Leon Petrakis found an easier, safer tactic: an **asbestos eater** that neutralizes the fibers in place.

The team sprayed a creamlike foam rich in phosphoric acid and fluoride ions directly onto asbestos fireproofing. The foam seeped into the chrysotile asbestos, breaking down the mineral fibers into harmless globs of magnesium and silica within a couple of days.

Nora Feller